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NOTES ON CONTRIBUTORS

Richard Ned Lebow is James O. Freedman Presidential Professor of Government at Dartmouth College.

Alexander Betts is Hedley Bull Senior Research Fellow in International Relations at the University of Oxford.

Rahul Prabhakar is an MPhil Candidate at the University of Oxford. His research interests include the politics of global financial regulation and American foreign policy. He graduated from Harvard University in 2009.

The Beijing Consensus is Neither: China as a Non-Ideological Challenge to International Norms

JOHN WAGNER GIVENS¹

ABSTRACT

This paper analyzes the impact of a rising China on the international system, especially in terms of its effect on liberal democracy and human rights. It finds that, largely because of its unfamiliar non-ideological nature, the threat posed by China has sometimes been exaggerated, and often misunderstood. The “Beijing Consensus” does not represent an ideologically coherent alternative to dominant international norms, and China makes no serious effort to promote the Chinese model as a template for other countries to follow. Domestically, the Chinese party-state may work to undermine democracy and fail to respect human rights. Internationally, however, China uses its soft power to pursue its interests, neither working actively for, or against, human rights and democracy. Because Beijing acts without regard for democracy and human rights, seeing its policy through the lens of these norms provides an unintelligible picture.

The impact of China’s growing influence is largely ambiguous as China offers aid and support to democrats and despots alike, and does not condition such assistance on a nation’s human rights record. An examination of data on Chinese and US overseas aid show that both go to approximately the same mix of free and unfree regimes. Further analysis shows that Chinese aid does not appear to have a significant impact on the state of political and civil freedoms in recipient countries. In conclusion, China’s impact on international norms of liberal democracy and human rights is shown to be marginal precisely because China makes no effort to affect these norms.

Introduction

Analyses of China’s growing influence abroad sometimes describe the People’s Republic of China (PRC) as a powerful new force for development and progress, often as a challenge to international norms of liberal democracy and human rights, but almost always in terms of superlatives. Leading up to the 2008 Olympics, China was condemned for its crack-down against Tibetan rioters and its displacement of tens of thousands to make room for the games, but much of the bitterest criticism levelled against Beijing was reserved for its perceived failure to condemn the Su-

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danese government for ongoing violence in Darfur.² A sizeable Western movement attempted to brand Beijing as the “Genocide Olympics” and called for a boycott.³ Almost concurrently, other foreign policy analysts asserted that “China is now willing to condition its diplomatic protection of pariah countries, forcing them to become more acceptable to the international community.”⁴ Barely a year later, Chinese involvement in Guinea prompted *The Economist* to charge China with “again mock[ing] human rights in Africa.”⁵ What explains these disjointed views regarding China’s influence abroad and the nearly hysterical tone of much of the criticism?

In this paper, I argue that rhetoric about China’s foreign influence is so confused and that criticism of it is so frenzied precisely because of China’s relative indifference, rather than outright hostility, to norms of liberal democracy and human rights. China does not observe these norms at home or promote them abroad, but neither does it attempt to undermine or supplant them. Instead, China primarily seeks to pursue its economic interests, especially in terms of securing access to natural resources, and to gain recognition as a world power. Because China’s foreign policy is indifferent to democracy and human rights, viewing its actions in terms of these norms provides an incoherent picture. China offers aid, loans, investment, and diplomatic recognition equally to autocrats and democrats, and attaches no conditions regarding governance or human rights to this support. Therefore, I characterize China’s foreign policy and its growing international influence in terms of what it is, pragmatic, and what it is not, ideological. I propose that China is best understood as a non-ideological challenge to those nations and organizations seeking to promote international norms of liberal democracy and human rights.

In the first section, I address the issue of China’s ideology, or lack thereof. I argue that while there are ideas and concepts central to Beijing’s thinking and decision-making, they neither form a coherent ideology, nor are many of them exported or exportable. In the second section, I demonstrate China’s relative indifference to norms of liberal democracy and human rights and suggest that this stance results in a misinterpretation of China’s influence. I present five interconnected reasons that explain why China’s non-ideology is difficult to grasp, and why the challenge it presents is often misunderstood. In the third section, I analyse the meaning of China’s non-ideological challenge for international norms of liberal democracy and human rights. I conclude that while the non-ideological challenge of China is real, its unfamiliar nature has caused it to be significantly overstated.

A Non-Ideology

The *Oxford English Dictionary* defines ideology as “[a] systematic scheme of ideas, usually relating to politics or society, or to the conduct of a class or group, and regarded as justifying actions, esp. one that is held implicitly or adopted as a whole and maintained regardless of the course of events.”⁶ As we shall see, the concepts that guide Beijing’s policy at home and abroad are neither systematic and adopted as a whole, nor maintained despite changing realities.

The ideas and concepts that seem to hold sway in Beijing are well known. At home these include emphases on stability and economic growth, a preference for government control of civil society and the commanding heights of the economy, pragmatism, and the cautious promotion of nationalism. In foreign policy Beijing tends towards non-interference and the supremacy of sovereignty, an anti-hegemonic anti-Americanism, developing world solidarity, and a self-interested pragmatism. Yet this does not amount to an ideology. Indeed, Beijing’s post-Cultural Revolution emphasis on pragmatism is often explicitly in opposition to ideology, and to the extent that its foreign policy has a guiding principle, it is the regime’s emphasis on not interfering with the internal affairs of other nations. Even China’s critics tend to acknowledge that China does not use its growing influence abroad to peddle any particular set of ideas or political or economic policies. As US Congressman Chris Smith stated, “China’s African partners are free to pursue any foreign or economic policies they wish.”⁷

Notable exceptions to Beijing’s non-ideology and non-interference are manifest in issues related to Tibet and Taiwan. China is often dogmatic about its “One China Policy” which insists that Taiwan is an indivisible part of China under the sovereignty of the People’s Republic.⁸ But as US President Obama was reminded in a recent phone call with Hu Jintao, China considers Taiwan and Tibet internal matters, and, at any rate, such issues are far too narrow to define a guiding ideology for Chinese foreign policy.⁹

The conversion of China’s foreign policy from ideological to pragmatic is vividly illustrated by Beijing’s relationship with Burma, now Myanmar. During the Mao era, Beijing strongly backed the Burmese Communist Party’s insurgencies against the ruling military junta, but by the late 1980s, it was pressuring the insurgents to retire.¹⁰ Currently, the PRC is one of only a handful of countries willing to support the same brutal military junta that they had once sought to overthrow.

Even the term used by the Chinese party-state to characterize its economic system, “socialist market economy with Chinese characteristics (有中国特色的社会主义市场经济)”, makes it clear that it is not designed for foreign emulation. In addition to being too cumbersome to export, the term clearly roots the model in Chinese soil and insinuates that it will not work elsewhere, or at least that other nations will have to independently construct their own similar models.

Those who take an aggressive attitude towards China will point out that even if Beijing does not actively export or promote an ideology abroad, its tremendous economic success and increasing international stature inevitably make some kind of “Beijing Consensus” a model for the rest of the developing world. To a certain extent this is inevitable. However, the idea that China provides a radically new and different model is largely false. First, while the party-state does maintain control of some strategic sectors and companies, China’s remarkable growth owes much to private entrepreneurship, the freeing of markets, and a “growing out of the plan.”¹¹ The Chinese state currently controls only about 30 per cent of the Chinese economy by assets and much less by other measures.¹² While state-allied national champions may grab headlines, the bulk of China’s economic miracle was driven by privately owned small and medium enterprises whose relationship with the state tends to be minimal at best.¹³ Additionally, China’s development depends heavily on its openness to foreign firms, an example the developed world should applaud rather than fear. Second, an autocratic state-capitalist model of development was hardly pioneered by the Chinese. Western allies such as Singapore, South Korea, and Taiwan have long provided successful examples of authoritarian, state-led growth.

It should not be denied that leaders in Beijing get some satisfaction out of being seen as a model for the rest of the world. Nevertheless, they would rather secure raw materials and respect than emulators. Indeed, Beijing’s leaders probably prefer that other developing nations focus on extracting resources to sell to China rather than following China’s lead and becoming competitors in the manufacturing sector.

In this section, I showed that not only do the principles that guide Beijing’s foreign policy not make up an exportable ideology, but that they are explicitly non-ideological and strongly advocate non-interference in the affairs of other nations. Beijing may challenge international norms as a non-ideological alternative to developed world support, and, to a limited extent, as a model, but it does not offer an alternative to those norms.

Both as a model for other countries and in its foreign policy, five interrelated factors make China's non-ideology difficult to analyse. Those who see China as a challenge to international norms more often recognize the first two factors, implicitly or explicitly, while those who are optimistic about China's influence more often cite the latter three. As I will show, however, all five factors stem from China's ambiguous stance towards democracy and human rights and make it difficult to gauge its impact in these terms.

First, China's non-ideological pragmatism means that its influence is capable of striking anywhere and that its overall impact is hard to quantify. China can and increasingly does trade, provide loans or aid, and offer political support to almost any country on earth. It provides investment, loans, and aid to reasonably well-established democracies like Costa Rica, moderately free nations like Mozambique, and serial human rights violators like North Korea. Nor is China shy about giving large sums of aid or investment to countries with strong ties to developed-world donors, as the example of Cambodia shows.¹⁴

The increasing spread of Beijing's influence frightens China hawks who understandably tend to focus on China's involvement with pariah regimes. In order to secure the natural resources its economy requires, China, as a recently emerged major consumer, is often left to deal with regimes that the developed world would rather avoid. But it is important to recognize that this is a product of competition for natural resources rather than an inherent preference, and even liberal democracies have a long and sordid history of supporting resource-rich despots. Extensive investment in Brazil shows that Beijing is just as happy to secure natural resources from liberal democracies, and, all things being equal, probably prefers not to deal with pariah states if only to avoid international opprobrium. China's support for the world's most problematic regimes may garner the most attention, but the majority of recipients of Chinese support score above China in Freedom House ratings of political and civil liberties, although this is in part simply because China ranks so low.

Table 1 makes a comparison between nations to which China and the United States pledged aid or investment in 2008. The sample of 136 US recipients is drawn from official OECD (Organisation for Economic Co-operation and Development) statistics on Official Development Assistance (ODA). The Chinese sample of 33 nations was assembled from a selection of recipients of Chinese aid, loans, credit lines, and investments drawn from a Congressional Research Service report and a report by

the Lowy Institute for International Policy.¹⁵ Although the two reports covering Chinese aid projects did not include any projects pledged to North Korea or Iran in 2008, I have added these countries to the China sample because they are recipients of sizeable and apparently ongoing Chinese aid that are too important to overlook. The table shows the average political and civil freedom scores in Freedom House's 2008 report.¹⁶ In the Freedom House scoring system, seven is the worst possible score, and a lower number indicates greater freedom.¹⁷ The report also lists the percentage of recipient countries that were ranked "free," "partly free," and "not free." Because China does not disclose its aid and investment abroad in a systematic fashion, it is impossible to gauge the representativeness of the 33 nations included in the Chinese sample, and the definition of Chinese aid varies from the definition of ODA used for the US sample. Despite these dramatic shortcomings, however, the table helps to provide insight into what kinds of regimes are receiving Chinese aid and investment.

Table 1: Political and Civil Freedom in Countries to which the United States and China Committed Aid in 2008

Variable	United States	People's Republic of China
Average Political Freedom Score	4.1	4.2
Average Civil Freedom Score	3.8	4.0
Percentage of Recipients Ranked "Free"	27.6%	24.2%
Percentage of Recipients Ranked "Partly Free"	39.3%	45.5%
Percentage of Recipients Ranked "Not Free"	33.1%	30.3%

Sources: Lum, "China's Foreign Activities in Africa, Latin America, and South-east Asia"; Hanson, "China: Stumbling Through the Pacific"; and Freedom House, "Country Reports, 2008 Edition."

Table 1 clearly shows that there is little difference between China and the United States in terms of the political and civil freedoms enjoyed by recipients of its aid. While US recipients scored slightly better in terms of average political and civil freedoms and the United States had a larger percentage of its recipients categorized as "free," it also had

a larger percentage of “not free” recipients. While I consider these data too problematic for further statistical analysis, it seems unlikely that the scores in these categories are significantly different. Naturally, how aid is given, especially with regard to the conditions attached to it, is at least as important as the identity of the recipient.

China’s non-ideological foreign policy makes the international impact of its influence difficult to predict, gauge, and understand. Because China’s aid, investment, and political support come with no ideological strings attached, it is difficult to know if, and how, it will affect recipient nations. Among regimes that challenge international norms, China’s non-ideology means it can offer support to any type of human rights violator, be it authoritarian, Marxist, or theocratic. China has as easily offered monk-repressing Burmese generals the protection of its UN (United Nations) veto as it has given financial support to quasi-theocratic Iran and Stalinist North Korea. This is different from, for example, a Soviet power that would offer support to Marxist and socialist regimes, but could find it ideologically inconvenient to support non-Marxist or theocratic governments. Understandably, there are fears that in offering support to pariah regimes, China will encourage whatever type of theocratic, Marxist, or autocratic tendency that is already present.

Yet the flipside of the coin could also be true. Chinese support may help encourage developing democracies. Concrete examples of how Chinese aid might contribute to freedom are strikingly easy to come by. The PRC has just finished a new parliament building in Malawi and will soon complete another in Lesotho, two countries with multiparty electoral systems far more robust than China’s.¹⁹ Additionally, China has committed funds for the provision of computers to the Micronesian Congress, the development of a parliamentary office complex in Samoa, and an e-government project in Vanuatu. Naturally, spending on these types of projects pales in comparison to spending on infrastructure, especially infrastructure that facilitates natural resources extraction and transportation. Yet, as a country that is still very much developing itself, it is unreasonable to expect China to share the developed world’s obligation to provide large amounts of purely altruistic aid.

Second, it is extremely difficult to discredit China’s pragmatic non-ideological foreign policy. China’s unconditional approach to foreign aid and investment means that it offers very few drawbacks for the leaders of recipient countries. Both at home and in China, leaders of countries receiving Chinese assistance may feel as though China is the first donor and world power to treat them as equals. Beijing is careful to offer pomp and circumstance to the heads of even the smallest states, and President Hu is better travelled in Africa than many African leaders. These sorts of

trappings certainly help, but perhaps even more important is the PRC's ability to treat recipients of aid as peers rather than problems. China's non-ideology means that it neither needs to lecture foreign leaders about the importance of political reform, nor snub them to punish bad behaviour.

Understandably, advocates of democracy and human rights are upset by footage of Chinese leaders rolling out the red carpet for serial human rights violators. There is little the developed world can do, however, to convince countries to reject Chinese aid or investment. "Don't accept that money—it comes with no political requirements whatsoever," is hardly a convincing warning, and even long-standing US allies such as Costa Rica, Chile, and the Philippines willingly except Chinese aid and investment. It was much easier to vilify the Soviet Union's aggressive Marxism than it is to cast aspersions on China's pragmatic aid, investment, and non-interference.

Third, China's non-ideological foreign policy means that it has become an important patron to a variety of the world's most problematic regimes, especially Stalinist North Korea, autocratic Burma, and theocratic Iran. China hawks point to these relationships as proof that Beijing is using its increasing prominence to shield the world's worst regimes from criticism and sanction. Yet in some cases, this means that China may be capable of exerting pressure on regimes that would not give the time of day to diplomats from the developed world. This presents a limited but important opportunity. While Beijing has not proved ready to push for dramatic reforms, it is sometimes willing to help the developed world grapple with some of its most acute problems. For example, during a crackdown in Burma, it "pushed the Burmese government to receive the UN special envoy Ibrahim Gambari and grant him access to senior generals and the opposition leader Aung San Suu Kyi."²⁰ Still, the lack of progress in talks with North Korea and the Cheonan incident demonstrate China's limited effectiveness as a broker. To some extent this is due to a lack of willingness on the part of Beijing. But the more important lesson to draw from Beijing's failure to gain significant leverage on North Korea and Burma may be that the world's most problematic regimes are largely immune to outside pressure.

Fourth, China's lack of commitment to ideology can make it a fickle patron. Chinese aid, loans, and investment are generally offered because they are in China's own interest, but international opprobrium can easily change this equation. Potential access to natural resources may not be worth the condemnation of the international community. Such amendments, however, do not represent real changes of heart, and as soon as international interest wanes, China may return to its support of a

resource-rich pariah. Put another way, “China’s shifting diplomacy reflects not a fundamental change in its values but a new perception of its national interests.”²¹ This has led many to decry China as a regime that is only concerned with human rights when it is under international pressure. This is accurate, but the confusion and frustration implicit in such charges reveal a lack of understanding. Withdrawing support from a problematic regime only when international attention makes such support undesirable is entirely consistent with China’s non-ideological and pragmatic foreign policy.

Optimists may occasionally claim that China is learning to stay away from the least internationally acceptable regimes and is becoming a responsible power. This situation may occur, but it is much more likely to be driven by the repeated lesson that the return on investment from supporting pariah regimes is not worth the bad press, rather than a genuine change in the Chinese Communist Party’s (CCP) attitude towards international norms. Additionally, in places like Zimbabwe, China may be learning the lesson that regimes that frequently violate human rights and the rule of law tend to create an instability that makes a profitable economic relationship difficult. These uncommitted positions and shifting policies make Chinese influence even more difficult to assess and predict.

Fifth, China’s authoritarian resilience is in large part a product of certain institutional capacities of the Chinese state, yet China’s non-ideological stance means that it does not promote the development of these capacities in other nations. An authoritarian but increasingly competent and institutionalized ruling party has underpinned China’s ongoing growth and stability. Institutional features such as norm-bound succession, a reliance on technocrats and meritocracy, and an increased capacity to monitor and control low-level officials are all an integral part of what allows China to continue to develop without obvious liberalization or democratization.²² If China were serious about building a “Beijing Consensus” and encouraging others to follow the Chinese model, a significant part of its foreign aid and investment would have to be targeted towards helping other states develop these institutional features. Just as developed democracies promote certain institutional capacities in order to facilitate the development of certain norms and values, China would need to promote its own set of institutional capacities if it intended to challenge those values.

As China’s critics often point out, however, the lion’s share of China’s aid and development is devoted to purely economic goals, especially resource extraction, while virtually none of it goes towards developing an institutional infrastructure reminiscent of China’s. This is in sharp

contrast to past eras in which the Soviet Union, and to a lesser extent the PRC, actively sought to develop Leninist institutional features in parties throughout the world.²³ Even if other regimes that lacked these institutional features became determined to emulate China, it seems unlikely that they would have the institutional capacity to do so.

Gauging the Non-Ideological Challenge

In this section, I analyse what China's non-ideological challenge means for international norms of liberal democracy and human rights, and find that while China's non-ideological challenge is real, it has been substantially exaggerated. Indeed, there is even cause for optimism. China's impact on liberal democracy and human rights is largely ambiguous. Even when Chinese support works to undermine or delay the spread of beneficial international norms, it cannot replace them because it offers no alternative. Unlike the lingering effect of Soviet socialism, it is improbable that China's non-ideological challenge to international norms will prove enduring. Finally, most regimes that defy international norms would continue to do so regardless of China's support. If liberal democracies wish to defend international norms, they should recognize China's challenge as non-ideological, and work on strengthening their own efforts abroad rather than worrying about China.

Part of the problem with the idea that China undermines the developed world's aid regime is the belief that this regime actually produces benefits in terms of democratization and human rights. Unfortunately, empirical evidence suggests that this is not the case.²⁴ In a recent and dramatic illustration of the problem, Rwanda's Paul Kagame has risen as an aid darling of the developed world while at the same time becoming increasingly autocratic.²⁵ Given the developed world's disastrous record in the developing world, particularly in Africa, China can surely be excused for being incredulous at the idea that developed nations know best when it comes to helping others develop.

It is also important to note that much of Beijing's non-ideological aid is not without concrete benefits to the citizens of its recipient nations. It may be ethically admirable for Western donors to require elections before building a new highway, but if elections are never held and the highway is never built, little benefit accrues to citizens of the recipient nation. If potential recipient regimes are truly intransigent, Chinese-built infrastructure may be preferable to languishing in underdevelopment. Furthermore, of course, there is the argument that development helps to foster democracy and respect for human rights. Even if interac-

tion with China stifles political progress, if it also facilitates significant growth, a positive long-term impact on democracy and human rights may still result.

The extensive and varied reach of Chinese influence makes it particularly hard to gauge its overall impact on international norms. Does \$7 billion of infrastructure investment in democratic Brazil cancel out the damage done by a \$2.4 billion investment in autocratic Burma? The harshest China critics may argue that China's backing for the world's pariah regimes encourages and supports their bad behaviour, while its investment in more liberal regimes could work to drag them down China's authoritarian path. Less critical observers may counter that the damage done by China's support for human rights violators could be offset by its assistance to more responsible regimes. Optimists could hope that Chinese aid and investment would work universally to promote economic development, and, at least in the long run, political liberalization. Because China's non-ideological foreign policy does not present a consistent pattern in terms of democracy and human rights, it is difficult to know which of these viewpoints deserve the greatest credence.

In an effort to bring an empirical perspective to a difficult question, I have assembled a table of selected recipients and amounts of pledges of Chinese aid, loans, credit lines, and investments, drawn from a Congressional Research Service report.²⁶ Table 2 also includes an average of the Freedom House scores for political and civil freedom at the beginning and end of the period for which the aid and investment are reported. The final column records the change in the average score from the 2002 to the 2008 Freedom House reports. Although the congressional report did not include data on North Korea, Cuba, and Iran, I have added these countries to the table without aid figures because they are recipients of sizeable Chinese aid too important to overlook. Because China does not disclose its aid and investment abroad in a systematic fashion, it is impossible to know how representative a picture these nineteen nations provide. Despite its severe limitations, I hope this effort will be part of a trend towards a more balanced and empirical assessment of the impact of China's growing influence abroad.

In Table 2, fears voiced by critics find the most support among the worst regimes, i.e., Cuba, Sudan, Burma, Iran, and North Korea, all of which remained obdurate throughout this period. Additionally, as Cuba, Sudan, Burma, and North Korea had the lowest possible score in 2002, it is possible that their human rights situations actually deteriorated over this period. How much Chinese support contributed to the continued survival and obstinacy of these worst of the worst is an extremely difficult question. While a strong case can be made that economic support

and diplomatic cover from China have long helped to keep North Korea in business, Iran, Cuba, and Burma were unrepentant autocrats for decades before receiving substantial Chinese support. It is worth keeping in mind that all of these regimes have also received aid from developed-world donors, including the United States. Finally, slight improvements by other low-scoring nations such as Angola, the Democratic Republic of Congo, and Vietnam suggest that China's influence does not necessarily prevent problematic regimes from improving their stance on democracy or human rights.

Table 2: Selected Recipients of Large, Reported Aid and Investment Projects, 2002-2007

Recipient Nation	Pledged Aid, Loans, Credit Lines, and Investments	2002 Freedom House Average Score	2008 Freedom House Average Score	Change in Score from 2002 to 2008
Angola	\$7.4 billion	6	5.5	-0.5
Congo (DRC)	\$5 billion	6	5.5	-0.5
Gabon	\$3 billion	4.5	5	0.5
Equatorial Guinea	\$2 billion	6	6.5	0.5
Ethiopia	\$1.85 billion	5	5	0
Mozambique	\$2.4 billion	3.5	3	-0.5
Nigeria	\$1.6 billion	4.5	4	-0.5
Sudan	\$4.2 billion	7	7	0.0
Burma	\$3.1 billion	7	7	0
Philippines	\$5.4 billion	2.5	3.5	1
North Korea	Unknown	7	7	0
Iran	Unknown	6	6	0
Vietnam	\$3.4 billion	6.5	6	-0.5
Brazil	\$8.2 billion	3	2	-1
Chile	\$0.5 billion	2	1	-1
Columbia	\$0.4 billion	4	3	-1
Costa Rica	\$0.4 billion	1.5	1	-0.5
Cuba	Unknown	7	7	0
Venezuela	\$16.4 billion	4	4	0
Total	\$65.25 billion	93	89	-4

Sources: Lum, "China's Foreign Activities in Africa, Latin America, and Southeast Asia"; and Freedom House, "Country Reports, 2008 Edition."

Yet if Table 2 shows the fears of critics to be exaggerated, it falls short of vindicating the views of optimists. Most of the improvement in human rights and democracy in this sample stems from four Latin American democracies, three of which received the smallest sums in the table. If these Latin American countries were excluded, the total score would still show a half-point improvement, and according to Freedom House, “[o]ver the past five years countries with only some features of institutionalized democratic systems have slipped significantly.”²⁷ Taking into account this more general deterioration, a slight optimism about the prospects of Chinese aid recipients might be forgiven, but the overall picture presented by Table 2 should be described as largely ambiguous.

While this section focuses primarily on Chinese aid and investment, much is also made of the diplomatic cover China provides to pariah regimes, especially as a veto-wielding permanent member of the UN Security Council. Yet since 1972, China has used its veto in the UN Security Council only four times. This is in stark contrast to twelve uses each by France and Russia, the United Kingdom’s nineteen vetoes, and a towering seventy by the United States.²⁸ What China’s vetoes lacked in number they did not make up for in import. In 1997, China vetoed a resolution that would send a small force of UN observers to Guatemala because of that country’s ties with Taiwan, but then dropped the veto after ten days.²⁹ In 1999, it vetoed the extension of a UN peacekeeping force in Macedonia because of that country’s decision to recognize Taiwan.³⁰ In 2007 and 2008, China joined Russia in vetoing a resolution condemning Burma³¹ and another sanctioning Zimbabwe’s president, Robert Mugabe, and eleven senior members of his government.³² Nor is there any evidence that the PRC’s use of the veto is increasing, as both the 1990s and the 2000s saw only two Chinese vetoes. China hawks may respond that China prefers to work behind closed doors and use the threat of a veto. Yet surely the PRC would need to use its veto somewhat more often for it to have real power as a deterrent. Indeed, China’s tendency to abstain has led some pundits to see China’s veto as a largely idle threat.³³ At present, the most responsible conclusion is that, at least in the short run, the effect of China’s influence abroad is ambiguous. As I have suggested, this accords with an understanding of China’s foreign policy as non-ideological.

In the long term, the non-ideological nature of China’s foreign policy means that Beijing’s influence is unlikely to outlive its concrete support. Unlike the legacy of Soviet Russia or Mao-era China, which inspired regimes and insurgencies that still cause problems today, there is little in Beijing’s words or deeds to galvanize support against international norms of human rights and democracy. As long as Beijing continues to

pursue a policy of foreign aid and investment that ignores the issues of democracy and human rights, we can expect that the PRC's impact on international norms will be challenging but nebulous. While China's aid and investment abroad will doubtlessly rise in the coming years, the increase may not be as dramatic as many predict. China is still relatively poor per capita and Beijing is likely to continue to believe that keeping most of its aid and investment at home is in its best interest. Nevertheless, Chinese foreign aid and investment may begin to develop a more intelligible tendency. Beijing's pragmatic domestic and foreign policy may solidify into the authoritarian alternative to liberal democracy, human rights, and the Washington Consensus that China hawks have long feared. Alternately, as China grows richer, Beijing may become an active promoter of democracy and human rights abroad, if not for their own sake, then at least for the sake of China's reputation. Yet, for three decades leaders in Beijing have seemed comfortable in their post-Maoist, non-ideological skin, and at present it is far from clear that Beijing is becoming more willing to take a stand either for or against human rights.

In conclusion, the developed world should worry less about China's growing influence, which is uncertain, likely only to be problematic in the short term, and largely beyond their control, and more about its own troubled relationship with the developing world.■

Notes

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² Peter Seabrook, "Tibet Tests China's Movement on Human Rights" *Online News-Hour*, <http://www.pbs.org/newshour/indepth—coverage/asia/china/2008/tibet.html> (accessed August 31, 2010); Sky Canaves, "Beijing's Olympic Cleanup Sends Migrants and Homeless Packing," *Wall Street Journal*, August 5, 2008, <http://online.wsj.com/article/NA—WSJ—PUB:SB121788405566611245.html> (accessed August 9, 2010).

³ Nicholas D. Kristof, "China's Genocide Olympics," *New York Times*, January 24, 2008, <http://www.nytimes.com/2008/01/24/opinion/24kristof.html> (accessed August 9, 2010).

⁴ Stephanie Kleine-Ahlbrandt and Andrew Small, "China's New Dictatorship Diplomacy: Is Beijing Parting With Pariahs?" *Foreign Affairs* 87, no. 1 (2008): 38-56, 38.

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⁶ *The Oxford English Dictionary*, 2nd ed. Oxford: Oxford University Press, 1989).

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China in Africa: Implications for the International Development Regime

23

TOM RAFFERTY*

ABSTRACT

Research on China's growing ties with African states has burgeoned in recent years, fed by the extensive coverage the subject has received in the Western media. Although current research has aimed to challenge the simplistic moral binaries found in media discourse, it is rarely conceptualized outside of the same dichotomous framework. Charting "progressive" adaptations in China's Africa policies towards "best practice," it presumes the norms and standards of the existing aid and development regime the natural endpoint for China's engagement of Africa. This presumption ignores areas where Chinese policy, which draws on a different history and discourse to that of the established donors, departs from the West's agenda for Africa. Like the media reporting it aims to confront, current research actually works to reify an international development regime that many African states have found deeply problematic.

Countering the constructivist-derived idea that China can be readily "socialized" into existing frameworks, this paper treats China as a significant development actor whose emergence will actively shape, rather than passively adapt to, existing aid and development structures. This argument is substantiated by analysing the impact that distinctive aspects of China's interactions with Africa are having on international debates about aid and development policy, particularly in cases where Chinese policies have been promoted by African governments and others as a welcome alternative to Western approaches. The ability of the existing aid and development architecture to withstand this challenge will depend on the flexibility and pragmatism of established donors and international financial institutions, many of whom remain persistently loyal to the misplaced notion that China's engagement with Africa will lead to normative convergence on their terms. The paper points to the need for scholarship that critically examines both existing structures and Chinese policy in order to contribute to the building of an international development regime that is more closely aligned with the interests of the global South.

Introduction

Interest in Sino-African relations has exploded over the past five years. The 2006 Forum on China-Africa Co-operation (FOCAC), which drew many African heads of state to Beijing to herald the establishment of a "new type of strategic partnership," demonstrated the rapidly expanding nature of political, economic, and cultural ties between the People's

Tom Rafferty, "China and Africa: Implications for the International Development Regime," *St Antony's International Review* 6, no. 2 (2011): XX-XX.

Republic of China (PRC) and African states. Bilateral trade between China and Africa exceeded \$114 billion in 2010, and at the 2009 FO-CAC meeting Premier Wen Jiabao announced that over the next three years China would offer an additional \$10 billion in concessional loans to African countries, phase in zero-tariff treatment for ninety-five per cent of products from Africa's least developed states, fund training in health and education, and extend co-operation in African agriculture, clean energy, and science and technology. China's intent to deepen relations with Africa appears undiminished by the financial crisis; as Wen suggested, this was a partnership that would withstand "international vicissitudes."¹

Despite China's growing presence on the African continent, the implications for the existing international aid and development regime of China's rise remain curiously under-explored. Research on China and Africa has burgeoned and lent much-needed empirical depth to a subject initially driven by media hyperbole. Yet, due in part to its eagerness to challenge distortions found in the media, scholarship remains predominantly focused on categorizing incremental adaptations in Chinese policy towards "best practice." It reflects a constructivist presumption that, as the PRC expands its interests in Africa, it will through a combination of international engagement, reputational awareness, and investment security concerns, inevitably yield to existing models and practices of developed countries. The possibility that China may resist the "rationality" of the established aid and development regime, or that its growing influence may change or challenge it, is not widely considered.

Taking a different tack, this paper argues that China's rise is changing the way international development is both conceived and practiced. China's economic success and some of the more distinctive aspects of its interaction with Africa are now exerting discernible influence in debates about the models and principles of development, aid conditionality and non-interference, and trade and investment policy. By taking the content of Chinese policy seriously, rather than presuming it will inevitably assume Northern characteristics, it becomes clear that China's emergence as a major development actor will have significant implications for low-income countries and the system managed by the OECD's Development Assistance Committee (DAC). The paper will explore this landscape, arguing that current trends point to the emergence of competing regimes governing overseas development assistance (ODA) if established donors and international financial institutions (IFIs) do not engage more substantively with the agenda promoted by China and other emerging donors.

A mixture of concern and panic has largely characterized Western media coverage of Sino-African relations over Chinese activities in Africa. The PRC is understood as motivated solely by the need to acquire raw materials for its own development needs, replicating the extractive approach of colonial powers in earlier “scrambles” for African resources. Support for regimes blacklisted by the West, such as Sudan and Zimbabwe, has led to accusations that Beijing props up pariah states that diminish human rights and threaten regional security. China’s willingness to offer unconditional loans is said to undermine the progressive agenda of established donors in Africa, which conditionally ties credit to improvements in governance and transparency. More generally, it has been suggested that the increasing allure of China’s “market authoritarian” development model is “marginalizing the values that have informed Western progress for 300 years.”² This China-in-Africa discourse posits a monolithic, resource-hungry China, outside established development institutions and norms, as the amoral counterpoint to the humanitarian West.³

Research on China and Africa has aimed to confront some of these simplistic binaries and Orientalist images found in the Western media. Rather than construing China as a unitary state guided by an overarching grand strategy, it has stressed the proliferation of Chinese actors in Africa, from large state-owned enterprises to individual entrepreneurs, as well as the necessarily adaptive nature of government policy. Detailed case studies have been critical of the mythology that now surrounds China’s presence in Africa, countering the idea that China is only interested in resource-rich countries and suggesting that figures on Chinese aid and investment are typically exaggerated or based on misinterpretations. Accounts stress the importance of placing Sino-African studies in a comparative perspective while acknowledging the imperfections of the West. African states are portrayed as active engagers of the PRC, adept at playing off external powers against each other, rather than passive victims of neocolonialism. Deborah Brautigam’s *The Dragon’s Gift* (2009) best exemplifies this approach.⁴

Many have also eagerly charted progressive evolutions in China’s Africa policy that “demonstrate a willingness to adapt to the Western agenda.”⁵ The security risks faced by Chinese investments in Africa are considered to have encouraged greater awareness that “the recipient nation needs to have certain characteristics” if aid and investment are going to have an impact, implying a greater “convergence” with policies of aid conditionality.⁶ China’s changing stance over the Darfur crisis,

during which international pressure made Beijing push Khartoum to accede to the deployment of a UN peacekeeping force, is thought to have demonstrated a loosening of China's long-held commitment to "non-interference" in other countries' internal affairs.⁷ In response to civil society pressure, the Chinese government, lending institutions, and leading companies are said to be taking an active interest in corporate social responsibility (CSR) issues by joining international groupings such as the Equator Principles to demonstrate greater sensitivity towards local labour standards and establishing "green laws" to guide overseas investment.⁸ Even Chinese aid and development bureaucracies are "beginning to professionalize," rationalizing structures and building capabilities in preparation for the inevitable transition to a "single aid agency."⁹

The research agenda for China and Africa reflects the influence of constructivist or "systemic liberal" approaches in International Relations theory, which argue that states possess malleable interests and identities that can be reshaped through processes of persuasion, emulation and socialization. In contrast to realist depictions of the PRC as an emerging strategic competitor in Africa, this methodology points to positive changes in Chinese behaviour and stresses the "normal" way in which China is engaging with the continent. The effect is to suggest that China is rapidly developing traditional donor concerns, thereby assuaging fears that the existing aid and development regime is being challenged.¹⁰ This line of research provides an intellectual rationale for Western engagement with Beijing and is evidently normatively disposed towards the widening of the "development community." Similar to research on post-1978 China that is written from a "liberal" perspective, it focuses on how wider ideological contexts—such as the international human rights and environmental regimes—have driven positive changes in China.¹¹

Whilst Chinese policy on the African continent is evolving, the assumption that this must head in one direction—towards established practices—means that areas where China has diverged from the Western agenda are often avoided or explained away. The persistence of traditional Sino-African rhetoric about "South-South cooperation" is seen as a historical contradiction rather than of constitutive importance.¹² Compelling evidence that Beijing is deeply reluctant to join donor groupings is de-emphasized in favour of stressing the potential of multilateral initiatives.¹³ The suggestion that China is developing a policy "beyond non-interference" is at odds with the "business-as-usual" attitude it took towards recent coups in Guinea, Madagascar, and Niger.¹⁴ Debates in China about Corporate Social Responsibility and investment practice are more about adapting international standards to Chinese conditions rather than simply conforming to them.¹⁵ Circumstantial evidence points

not to the establishment of a dedicated aid agency, but to the further concentration of power over loans and projects within the Ministry of Commerce.¹⁶ China's development policy is changing, but in ways not necessarily consistent with the teleological expectations encouraged by the structuring of existing research.

The "systemic liberal" approach has limited explanatory value because it underestimates the significance of unit-level factors in shaping the policy choices of states. Focusing on the causal weight of international norms and standards obscures the roots of contemporary Chinese development discourse which draws on a complex array of different sources, including ancient Chinese thought, Marxism, and modernization theory. That these hybrid influences have assumed a more concrete form in recent discussions about the existence of a unique Chinese model of economic development is at least suggestive of the desire in China to craft an indigenous narrative about development rather than to submit to Western political and intellectual hegemony. China's relationship with Western modernity has always been characterized by a complicated mixture of acceptance and contestation rather than the wholesale import of its precepts.

The PRC has also had its own formative experiences as an aid recipient, with the Soviet Union and Japan acting as key development partners, and as a donor in Africa and Southeast Asia. China has long had a developmental role on the African continent: under Maoist "Third Worldism" an annual average of five per cent of expenditure from 1967-1976 went to foreign aid and development projects, mostly in Africa.¹⁷ The largest of these was the construction of the TAZARA or "freedom" railway between landlocked Zambia and the Tanzanian port of Dar-es-Salaam, which cost an estimated \$500 million and involved around 25,000 Chinese labourers.

There is a tendency to view China-in-Africa as a recent phenomenon born from the rapid global expansion of China's economic interests. But Chinese scholars emphasize a longer history of South-South Co-operation (SSC) that continues to shape China's relations with Africa. Even today the principles drawn up by Zhou Enlai to govern foreign economic and technical assistance nearly 50 years ago feature heavily in official rhetoric.¹⁸ China adamantly views itself as a "developing country", able to relate to African states because of its own experiences of colonialism and of receiving international aid. This suggests it is unlikely to aspire to membership of Western-dominated donor clubs. Indeed, there is now a bureaucratic drive to bolster resources and capabilities within aid and development policy lest China finds it itself otherwise subsumed within Western frameworks.¹⁹ China's distinct identity as a state and the histori-

cally shaped ideas it holds about the nature of development should caution against supposing a seamless, one-way transmission of ideas.

China in Africa: Emerging Forms of Development Discourse and Practice

The starting point for policy work and scholarship on aid and development in Africa should be to take Chinese initiatives seriously. As has been suggested above, searching for evidence of adaptability to the existing development agenda obscures areas where Chinese policy has been resilient in the face of Western engagement. It also means that the observer misses how China's relations with African states are reshaping thinking about development theory and practice, often from the "bottom-up". This section will address this question broadly, identifying distinct aspects of China's approach across different areas of development policy in order to demonstrate the weight China now has in debates about the shape of a "post-Washington Consensus" regime. It points to the pressure exerted upon the established aid system to change, as Southern actors show signs of being less beholden to the West for intellectual guidance, particularly after the financial crisis. They are taking advantage of China's rise to claim greater independence from existing development models and promote reforms in line with their perceived interests.

The Return of the State

Development paradigms are shaped by underlying discourses about how economic growth and human progress can be furthered. In recent decades mainstream Western thought has de-emphasized the role of the state in meeting these challenges. In response to the Keynesian economics of the post-war period, neo-liberal approaches advocated a dramatic reduction in the size and scope of the state and the public sector. Instead of activist governments involved in macroeconomic oversight and welfare provision, neo-liberals argued that the state should assume a subsidiary position to the "invisible hand" of the market. Tax cuts, privatization of public enterprises, market deregulation, and market-driven capitalism formed the basis of the Washington Consensus that shaped Western policymaking from the 1980s. Its advocates considered it a universal recipe for delivering high growth rates and spreading the benefits of globalization. Its recommendations have been fundamental to the work of the International Monetary Fund and World Bank in the developing world.

China offers a different discourse on development, seeing its own economic success as premised on the principles of sovereignty and autonomy. Over the past 30 years, hundreds of millions have been lifted out of poverty in China through the pursuit of a strategy of selective market liberalization that retains a central role for the state within the economy. Although China's dramatic growth has been the result of measures to open the domestic economy, Chinese accounts place equal stress on the importance of the "staunch leadership" offered by the central government. Political continuity is considered to have been vital to maintaining social stability over a period of rapid change and allowing China to craft a long-term national development strategy based on its "own needs."²⁰ Decisions, therefore, often ran against standard advice offered by the World Bank and other Western actors. China focused initially on agricultural productivity rather than industrialization; pursued sustained government-led investment in the economy, particularly in infrastructure, even though demand was considered low; and broke up state-owned enterprises in some sectors while retaining public ownership in others seen as key to the national economy. China's economic success is widely understood as the result of a managed relationship with globalization, based on the capacity of state institutions to shape an assertive industrial policy around locally derived priorities.²¹

Lessons from China's domestic development have become increasingly influential in questioning the neo-liberal narrative on development. China's ability to develop whilst retaining policy autonomy has made it a source of admiration in the developing world, where Washington Consensus prescriptions have been of debatable value and "shock therapy" has pushed some emerging economies towards collapse. There is growing recognition that economic growth is predicated on the existence of effective state institutions. The influential "Spence Report" (2008) on growth and development emphasized the importance of "credible, inclusive and pragmatic governments" above the strictures of liberalization.²² Development economists have a renewed interest in how the tools of industrial policy, such as subsidies, loans, and infrastructure investment, can be effectively used by governments to stimulate growth and develop new industries.²³ The financial crisis has accelerated these trends, with the sight of Western governments mounting hasty interventions to prop up national economies delegitimizing the model they once promoted. China now serves as an exemplar of a state-centric development approach that leaves economies less vulnerable to fluctuations in the global marketplace. The Chinese government itself has noted that the "influence of China's development mode is expanding" in Africa as

Reforming Aid Conditionality

The established donors and main organizations involved in ODA shape their interaction with Africa through a regime of aid conditionality based on assumptions about the requirements of developing economies. Early interventions by IFIs were shaped by consideration for the non-interventionist norms of the post-1945 international order. That changed with the rise of neo-liberalism and the World Bank’s “Berg Report” (1981), which argued that African underdevelopment was the consequence of state mismanagement.²⁵ This diagnosis gave rise to a regime in which donors require the recipient to undertake key “structural adjustments” and improvements in “good governance” before disbursing ODA. Conditions on single loans have often extended into the hundreds, typically comprising wage and deficit cuts, measures to improve transparency and democracy, and budgetary spending stipulations. Recipients are weighed down further by reporting requirements and donor oversight groups. Significant funds are diverted around the recipient state and instead funneled through domestic and international NGOs. Lacking alternative sources of finance, developing country governments have often had little choice but to accept policies into which they have not offered substantive input.

In contrast, China bases its co-operation with Africa on the principle of “non-interference” in another state’s internal affairs. China emphasizes that working through local governments is the most legitimate and effective means of promoting international development. China’s special representative for Africa has said that rather than having their development needs assessed by outsiders or shaped by external models, “the African people are mature enough to make their own decisions.”²⁶ In practice, it means that the bilateral aid grants and concessionary loans offered by the Chinese government and China’s “policy banks” do not come attached with conditions based on notions of ideal political and economic arrangements. Finance is typically delivered quickly because it is not subject to complex monitoring and evaluation processes. The programme of debt cancellation initiated by China in recent years has included no subsidiary stipulations regarding domestic reform. The only element of conditionality in Chinese loans might involve recipients relinquishing diplomatic relations with Taiwan or the “tying” of key projects to Chinese goods and services.

China's approach to granting aid has given greater traction to the complaints of developing countries' governments about the existing conditionality regime. Many African states view China's policy of non-interference and respect for state sovereignty as a welcome change from the lecturing tone and interventionist tendencies of the established donors.²⁷ Unencumbered by multilateral procedures, Chinese funds arrive readily and are channelled through the state rather than civil society organisations. China's emergence as an alternative creditor has put IFIs under mounting pressure to reform their policies with respect to the demands of developing countries. Critics who have long called for the reform of conditionality now find that the established donors have "begun to grapple with what it would mean to put aid-receiving government in the 'driving seat.'"²⁸ The Paris Declaration on Aid Effectiveness (2005) embodies this new language of "ownership," promising country-specific development plans whose content is largely shaped by the recipient.²⁹ As aid recipients gain greater leverage in aid and development negotiations, structural adjustment programmes are increasingly seen as ideological and excessive. Debates in development policy now suggest "good-enough governance" as a more realistic and useful benchmark than "good governance." The growing debate about the legitimacy and value of aid conditionality points to the influence of China's relations with African states.

Trade, Investment, and "Mutual Benefit"

The established donors have come to put less stress on trade and investment in favour of targeted aid and development support in Africa. ODA agencies operating in Africa in the 1950s and 1960s shaped policy around the premise that capital investment in manufacturing and infrastructure would generate the growth in productivity required for economic "take-off." But in response to the perceived failures of that approach, mainstream development policy has since been oriented more towards welfare provision and localized project implementation, from the "basic needs" paradigm of the 1970s to the "rights-based" approach favoured over the past decade. Funding for agricultural development and manufacturing in Africa has dropped—only five per cent of World Bank loans from 2002-7 were in trade and industry—and many western companies have also retreated from African industry.³⁰ The maintenance of subsidies for farmers in North America and Europe has remained a barrier to fair trade. Lacking a commercial basis, North-South engagement has become increasingly structured by aid flows, with the West assuming the role of generous donor and Africa that of grateful recipient.

The language of partnership, equality, and mutual benefit in which China couches its relations with African states is intended to mark its distinctiveness from the West. Although the rhetoric of South-South solidarity no longer strikes the same political resonances as before, it continues to inform China's approach to Africa in important ways. China views itself as a commercial partner rather than an aid donor in Africa. It considers Africa as a neglected continent whose "huge potential for development" has not been widely recognized, seeing opportunities for trade and investment rather than a perilous business environment.³¹ Since China's accession to the World Trade Organization, Africa has formed a core part of the "going out" strategy designed to globalize and expand the interests of Chinese companies. Africa offers access to both natural resources and new markets. A range of Chinese commercial actors have a presence in Africa in a variety of sectors including energy, financial services, telecommunications, and agriculture.

China describes this as a "win-win" partnership because both sides are said to enjoy economic benefits. In return for resources and materials, Chinese investments promise to stimulate local employment and productivity. The Chinese government and its affiliated lending institutions support much-needed infrastructure projects that recipient governments repay through resource transfers rather than in cash. A special \$1 billion fund has been set up by China to offer credit access to small and medium-sized African businesses. Trade barriers have been removed for a number of African products to help encourage two-way trade and indigenous manufacturing. Agricultural training centres have been set up by China across Africa, supported by Chinese technology and expertise, in order to help boost productivity. Thousands of scholarships have been distributed to African students to study in China, and hundreds of African officials have been invited to China to participate in training programmes. Direct grants form only a small part of overall co-operation between China and Africa because China is more interested in generating profit and stoking long-term growth in Africa than merely pledging aid.

Critics of the top-down, donor-driven aid system see in the Chinese model useful lessons for improving development policy. The African Union's commissioner for economic affairs has called China's emphasis on trade and investment a "desirable shift" from Western-style ODA.³² The failure of the aid system to deliver economic growth to many African countries has led to a range of criticisms of the existing regime. One influential strand, represented by *Dead Aid* (2008), argues that low-income countries are locked into cultures of aid dependence that hinder self-development.³³ It advocates a more Chinese approach to Africa, based on business and capital investment rather than ODA. Specific

Chinese policies have been commended in these terms. The special trade and economic zones that China has begun to establish across Africa to facilitate FDI have been commended by the UN Industrial Development Organization (UNIDO).³⁴ More generally, China's willingness to look again at commercial opportunities in Africa—and not just in the resource sector—has encouraged others to do the same, particularly from other emerging economies such as India and Brazil. FDI flows to Africa were comparatively strong over the financial crisis, and growth in Sub-Saharan Africa is projected to exceed six per cent for the next five years. China's engagement with Africa is stimulating a debate about how the traditional donor-recipient relationship can be overhauled and how aid can be better aligned with commercial policy to form a more integrated development package.

There are, of course, problematic aspects to China's engagement with Africa. African leaders have expressed fears that Sino-African ties will come to “replicate” colonial-era relationships.³⁵ Civil society groups have voiced concerns that a policy of “non-interference” reveals a dangerous indifference to human rights abuses and corruption. Protests and riots have been staged against the labour practices of some Chinese companies in Africa. Beijing is not blind to such concerns. It admits that Chinese companies operating in Africa need to pay closer attention to the “national image” than “focusing on their own profits.”³⁶ Bilateral trade is widely recognized as imbalanced, with African exports consisting mostly of strategic resources and not enough value-added products.³⁷ Conversations with officials and scholars reveal there is widespread recognition that China needs to reflect on its disbursement model to ensure aid is better targeted.

These problems—and the Chinese government's efforts to mitigate them—consume academic research on China and Africa. But, as the above suggests, this perspective misses how China's approach is challenging traditional modes of interaction between Africa and external powers. Aspects of Chinese engagement are viewed by African states as a positive departure from the approach of the established donors and a means to enhance their own agency.

Towards Competing Regimes?

The rise of China, India, and Brazil is putting the international development regime under increasing pressure. Emerging donors are changing their thinking about ODA and stimulating a renewed interest in South-South Co-operation (SSC). As Western views about development and

modernity no longer hold a hegemonic sway, there is increasing debate within development studies about how to move beyond the template provided by the Washington Consensus to devise a long-term aid agenda that will guide policies past the 2015 deadline of the Millennium Development Goals. The ability of the existing international development architecture to manage these challenges will depend on the flexibility of established donors and IFIs. Although the West is now discussing issues of African aid and development with China, the extent to which it is willing to yield power within international institutions is ambiguous. There remains a reluctance to engage in the type of bold reform and thinking that is required if China is to have sufficient incentive to participate.

There has been a rush to establish channels through which to discuss African development and security issues with Beijing. After initially outspoken criticism—the US Treasury suggested China was a “rogue creditor” in 2006—Africa has since been added to the myriad of international issues on which “engagement” with China is seen as imperative. The chair of the DAC has said “a stronger role for non-DAC donors in the whole multilateral system” would be “highly desirable”; accordingly, the DAC established a China Study Group in 2009.³⁸ As the World Bank considers “working with non-traditional partners” on aid effectiveness a key priority, China’s quota shares within the World Bank increased from 2.77 per cent to 4.42 per cent last year. Both regional and national aid agencies have pursued dialogue with Beijing and proposed joint projects in Africa. Official outreach has been supplemented by innumerable discussions and international conferences on China and Africa amongst policy-makers, academics, and corporate representatives. At first glance, this suggests the traditional donors are aware of the importance of reforming the institutions of the post-war “liberal order” so that they can withstand shifts in the global distribution of power.³⁹

However, although established donors have been willing to consider granting China greater presence within international institutions, they are more reluctant to engage seriously with the content of Chinese policy. The 2008 *Survey on Monitoring the Paris Declaration* chronicles the limited progress towards aid effectiveness goals agreed by donors, many of which contained Chinese-friendly language on recipient ownership, aid conditionality, and working through country rather than donor systems.⁴⁰ Much-fêted measures, such as debt alleviation and direct budget support, have only given rise to new forms of conditionality and oversight. Hopes are not high for the next progress report, due to be released at the Fourth High-Level Forum on Aid Effectiveness in 2011, considering the negative impact of the financial crisis on Western aid flows. This may not be surprising. Powerful bureaucracies are attached

to the guiding ideologies and practices of development, and the principal institutions involved in ODA are deeply Eurocentric in composition. As such, there exists a looming disjuncture between widespread recognition of global governance challenges and the political will required to respond effectively to them.

Convinced of the basic superiority of existing approaches, established donors do not see engagement with China as an opportunity to reflect seriously on the shortcomings of their own policies in Africa. Encouraged by research written from a “systemic liberal” perspective, engagement is of a limited form that remains guided by the illusion that China can be “socialized” into adopting the norms and principles that the West has long adhered to in shaping its own interactions with Africa. Traditional donors naively view China as a new development actor that will gradually become more familiar with the difficulties of operating in Africa and eventually recognize the limitations of its policies. As the UK’s Secretary of State for International Development, Hilary Benn, said in 2007: “China will come to see that it has the same interests as the rest of the world in ensuring stability, fighting corruption and ensuring levels of sustainable debt in Africa.”⁴¹ The developed countries can accelerate this process by “teaching” China the “rules of the game,” drawing on their own lengthy experience as aid donors, resource extractors, and colonial powers. Chinese participants involved in informal discussions between China and representatives of the traditional donors say they are typically not forums for mutual lesson-learning but efforts at one-way persuasion.⁴²

Current efforts to integrate China into the existing development regime risk hastening the opposite outcome. One risk is that because current policy is based on exaggerated notions of China’s adaptability, it has established unrealistic expectations against which Chinese activities in Africa should be judged. If China is considered over time to have not demonstrated sufficient progress towards meeting those standards, it might be deemed an “irresponsible” actor in Africa by those exhausted by apparently fruitless engagement. That would potentially lead to heightened power competition in Africa and the unravelling of even minimal co-operation. There are already some calls for Western powers to adopt a strategy of “tacit balancing” against China in Africa because of the failure to bridge the normative gulf.⁴³

The other risk is that the established donors risk alienating Beijing if they reject substantive engagement and instead treat the PRC as a “normless” actor whose ideas carry little legitimacy or value.⁴⁴ In addition to seeking recognition of their status as equal members of the international community, rising powers also desire an international order

that distributes benefits justly and accepts the differing interests of all actors involved. Incorporating rising powers is not just a matter of ceding institutional space, but also of sharing rule-making and norm-setting powers. An emerging power will not feel a sense of ownership or obligation towards a system whose constitutive principles it played no role in forming. As has been pointed out, Beijing has strongly held views about how aid and development policy is best structured, in addition to more general beliefs about how the international system should better reflect the needs of the developing world. If China and other emerging donors do not perceive existing structures as flexible to their interests and concerns, they will either continue to operate independently of them or seek to establish a regime that better reflects their own views.

China's economic success and history as an "intruder" in the international system mean it could potentially provide leadership to efforts aimed at building an alternative global order.⁴⁵ Many have speculated that the comparative resilience of the Chinese economy over the financial crisis has emboldened Beijing to behave more like an "anti-status quo power pushing back against the West."⁴⁶ Pointing to differences of opinion that have emerged with Beijing over a range of international issues, these scholars suggest that China is becoming more assertive because of perceived changes in the balance of power. This combines with greater confidence in the direction of China's internal development, suggested by the spate of recent publications that have looked to delineate the features of a Chinese model that is claimed by advocates to be "a legitimate one running parallel to the Western System."⁴⁷ The formation of the BRIC grouping and the emergence of new forms of SSC are suggestive of the possible contours of a post-Western world. If the international order does not prove sufficiently accommodating, dissatisfied voices in China could grow more vocal and give vent to this implicit revisionism.

For the moment, however, China's willingness to directly challenge the rules and principles of the international order remains constrained by conceptions of US predominance. Calls for the PRC to assume a more prominent international role remain in the minority. Beijing remains guided by the established credo of adopting a passive "low profile" within international politics and focusing on the challenges of internal development.⁴⁸ According to this view, structural unipolarity—perceived as a continuing reality despite supposed US relative decline—gives China little choice but to co-operate with the existing order. While China would like to change aspects of the international order, mainstream opinion continues to believe that reform is best pursued from within rather than by mounting an external challenge. Beijing is therefore hesitant to articulate grand visions of a future world order and has notably disowned

the idea of a China “model” or “Beijing Consensus”.⁴⁹ China currently accepts the international order, recognizes the benefits it has accrued from participation within its structures, and has no ambitions to overthrow it.

This suggests that there is still the possibility of building a more inclusive aid and development regime if the established donors choose to pursue substantive engagement. China and other emerging donors are not looking to overturn existing rules governing ODA or promote an alternative model of development. But they are promoting different policies and ideological emphases, supporting the expansion of SSC, and offering Africa new sources of investment and support. Rather than clinging to OECD standards and expecting others to “responsibly” gravitate towards them, the Western donor community should engage with these ideas and reflect on the usefulness of prevailing development models. Lessons should be drawn from China’s experience of domestic development and aid provision in Africa. Thinking is needed on how integrating China into a wider development community would change foreign aid norms and practice. This discussion can begin by looking at how aspects of the Chinese approach can inform new ways of thinking about the role of the state in economic development, the reform of conditionality, and the relationship between trade and aid. At a time when China’s foreign policy is in transition, there remain opportunities for constructive engagement and mutual learning. But, if the established donors are not pragmatic enough to consider even limited suggestions for reform, they will find new structures emerge outside of their control.

Conclusion

This paper has offered a different perspective on Sino-African relations and their significance for the aid and development regime. Like much detailed research on the subject, it rejects the moralizing tone often found in media reporting and the resulting tendency to draw a false distinction between China’s activities in Africa and those of the enlightened West. But this paper also argues that current research does not go far enough as it largely remains trapped within the dichotomous framework established by the media. By focusing on “progressive” changes in the PRC’s Africa policy in order to rebut oft-heard charges, the current research agenda in effect legitimizes existing regimes governing interactions between Africa and external powers as natural and predictable. This ignores areas where Chinese policy, which draws on its own histori-

cal trajectory and discourse, departs from the agenda established by the Western donor community. It also closes off the possibility of change. Constructivist-influenced work tends to privilege predominant norms and standards, implicitly confirming the prejudices of the prevailing order rather than standing critically apart from it. This is normatively problematic considering that decades of Western aid has arguably done little for African development, with the economies of some Sub-Saharan African countries even regressing over that period.

This paper has aimed to demonstrate that an alternative methodology for framing Sino-African relations is both possible and desirable. It has given an overview of how, often with vocal support from African governments, some of the more distinctive aspects of China's own economic system and its policies in Africa are informing criticism of the approach taken by the established donors towards African development. It has argued that the failure to consider the implications of China's emergence as a significant development actor is hampering policy responses, which remain adherent to the misplaced notion that Sino-African engagement will lead to growing normative convergence. It has instead been suggested that a more comprehensive form of engagement is required if the existing aid and development architecture is to withstand the challenge posed by China and other emerging donors. There are lessons to be learnt from China upon which traditional donors and IFIs need to creatively reflect.

The task for research is to treat China as a long-term actor on the African continent whose growing influence will pose significant opportunities and challenges to African states. China will not simply be "socialized" into existing frameworks or assume the characteristics of a Northern state, but continue to promote an agenda that reflects its own interests and normative disposition. For that reason, research needs to delve deeper into the content of Chinese policy and its patterns of interaction with Africa, looking at its role in Africa across a range of issues, including resource management, finance flows, governance and environmental protection. As the debate about China-in-Africa becomes more sophisticated, there are signs this is beginning to happen.⁵⁰ It is important that this trend continues, for the sake of better development policy in the West and in the hope of establishing a more advantageous position for the global South within the international order.■

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² Stefan Halper, "Beijing's Coalition of the Willing," *Foreign Policy*, no. 180 (2010): 100–2, 102.

³ Barry Sautman and Yan Hairong, "Trade, Investment, Power and the China-in-Africa Discourse," *The Asia-Pacific Journal* 52, no. 3 (2009), <http://www.japanfocus.org/-Barry-Sautman/3278> (accessed January 14, 2011).

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¹⁴ Stephen Marks, "Understanding China's Strategy: Beyond Non-Interference," *Pambazuka News*, November 5, 2008, <http://www.pambazuka.org/en/category/comment/51762> (accessed January 14, 2011).

¹⁵ A point stressed in Rights and Accountability in Development (RAID), *Chinese Mining Operations in the Katanga* (London: RAID, September 2009), i-iv.

¹⁶ Interviews conducted by the author in Beijing, June 2010.

¹⁷ Brautigam, *Dragon's Gift*, 35.

¹⁸ Zhou's "Eight Principles" suggested China base its approach on "equality and mutual benefit," never "attaching conditions," encouraging "self-reliance" and giving Chinese experts no "special privileges."

¹⁹ A point made in interviews conducted by the author in Beijing, June 2010, and further suggested by the establishment of the International Poverty Reduction Center in China and a "think-tank" on Sino-African relations under the Ministry of Commerce. See Ding Qifen, "New Think-Tank to Focus on Africa," *China Daily*, August 17, 2010.

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²⁹ See Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC), *The Paris Declaration on Aid Effectiveness* (Paris: OECD, 2005).

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³¹ Liu, "China and Africa."

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The Responsibility to Protect (R2P) and its Evolution: Beijing's Influence on Norm Creation in Humanitarian Areas

ROSEMARY FOOT

ABSTRACT

This paper outlines the origins and development of the concept of Responsibility to Protect (R2P) and also traces the 2009 discussion in the UN General Assembly of how this concept might be implemented. In particular, it details and explains China's contributions to these developments. Beijing was a full participant in the debate that generated the World Summit Outcome document of September 2005 and its references to R2P in paragraphs 138 and 139. It also took part in discussion of the concept's implementation in July 2009. Several important findings in relation to China and the development of R2P emerge from analysis of these developments. While Beijing has not obstructed the development of the concept, it has placed its main efforts behind the state capacity-building functions of the R2P mandate—what is referred to as Pillar I in the UN Secretary-General's concept paper. It has also worked to ensure R2P's focused application and a definition that constrains the operational methods associated with humanitarian intervention. China, alongside many other governments, has been a norm-shaper in this issue area. Specifically, Beijing has aimed to develop the norm in a direction that gives primacy to the preventative aspects of R2P, in the hope of diminishing the instances where the norm of non-interference in the internal affairs of states is breached. China's position is not far removed from the international consensus on the concept, although its interpretation of R2P lies at the conservative end of the spectrum when compared with the positions of several of its Asian neighbours.

Introduction

In September 2005, the largest gathering of heads of state and government to date endorsed the concept of sovereignty as responsibility or, more formally, the "Responsibility to Protect."² In Paragraph 138 of what was entitled the World Summit Outcome (WSO) document, leaders professed that "[e]ach individual state has the responsibility to protect its populations from genocide, war crimes, ethnic cleansing and crimes against humanity." This was declared to be a responsibility that entails "the prevention of such crimes, including their incitement, through appropriate and necessary means." To this end, the document stated that

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the international community should assist states to provide the necessary protections, and should also support the United Nations in developing its early warning capabilities.

Paragraph 139 of the document fleshed out the role of the international community in somewhat greater detail. It stated that under Chapters VI and VIII of the UN Charter, the international community has the responsibility to use “diplomatic, humanitarian and other peaceful means” to reach this goal of protecting populations from gross violations of human rights. But if a state were to be seen to be “manifestly failing” to uphold its duties, then the international community, through the UN Security Council and under the provisions of Chapter VII, would be prepared to take collective action “on a case-by-case basis and in cooperation with relevant regional organizations as appropriate, should peaceful means be inadequate.” Paragraph 139 went on to emphasize the need to find ways of averting humanitarian crises, thereby avoiding the requirement for UN member states to contemplate the controversial business of intervening in another state’s affairs. The final sentence of Paragraph 139 stated: “We also intend to commit ourselves, as necessary and appropriate, to helping States build capacity to protect their populations from genocide, war crimes, ethnic cleansing and crimes against humanity and to assisting those which are under stress before crises and conflicts break out.”³

R2P, in its focus on four egregious human rights crimes, has solidarist underpinnings deriving from an emphasis on common humanity. But the concept may also be understood as a nod towards pluralism.⁴ This is because it reaffirms the idea of membership in a world of individual states, affords centrality to the state as the primary actor, and also emphasises the need to build state capacity. R2P endorses the view that, all things being equal, populations face a reduced risk of harm within well-governed, capable, and responsible states. Moreover, R2P to some degree endorses non-intervention rather than intervention, because it suggests that only if a state is “manifestly failing” in its duty to protect the core human rights of its population will intervention by outsiders be contemplated. In this sense, R2P could be seen as a way of bridging the concepts of human and state security.

This article first traces the origins of R2P and examines how the UN General Assembly has tried to balance state and human security concerns in the implementation of the concept. The article then attempts to examine and explain China’s contribution to the UN’s humanitarian role, as well as its position in the debate over R2P. It concludes that China has not obstructed the development of this concept and has broadly endorsed the need in certain exceptional circumstances to respond to gross viola-

tions of human rights. Yet it is significant that China has chiefly emphasised the capacity-building functions of the R2P mandate, as well as strongly supporting attempts to ensure the concept's limited application and differentiation from humanitarian intervention.⁵ China's position is not far removed from international consensus on the concept, although its interpretation of R2P remains relatively conservative compared with a number of other states including several of its Asian neighbours.

The Origins of R2P

Although the UN Charter refers to the protection of human rights, the document fails to contemplate the possible use of force to address a humanitarian catastrophe in a UN member state. Following disastrous events in Somalia, Haiti, Bosnia and Herzegovina, and especially the failure of the international community to act in Rwanda in 1994, various global actors decided to draft a collective response. These conflicts, all of which involved massive human rights violations, led to consideration of the use of military force for humanitarian purposes, preferably endorsed or authorized by the UN Security Council, but not always reliant on the consent of those authorities who were manifestly guilty of abusing their citizenry.⁶

Over the course of the 1990s, in fact, the Security Council regularly demonstrated a willingness to recognize humanitarian disasters inside a state's borders as a threat to international peace and security, therefore making Chapter VII enforcement provisions potentially applicable.⁷ The operation undertaken in Somalia in 1992–3 was the first occasion when military intervention was authorized under Chapter VII “without the consent of the sovereign government and for solely humanitarian reasons.”⁸

The Council's decisions in this area have always been controversial, both when the Council has elected to act and also when it has decided to remain uninvolved in unfolding humanitarian disasters. The NATO action in Kosovo in 1999, which was undertaken without a mandatory UN resolution, also generated heated debate. As stated in the January 2009 Report of the UN Secretary-General on the implementation of R2P, the discussion in the 1990s resulted only in an unhelpful choice between two extremes: either standing aside as atrocities occurred or “deploying coercive military force to protect the vulnerable and threatened populations.”⁹

These events were critical to the development of the idea of R2P. But shifting away from the two unhelpful extremes of either military intervention or doing nothing required conceptual clarity and elabora-

tion. One of the most important conceptual developments came in the mid-1990s in the work of Francis M. Deng and his colleagues. In a 1996 study on conflict management in Africa, Deng and his team developed the notion of “sovereignty as responsibility.”¹⁰ This definition of sovereignty reflected the extent to which understandings of sovereignty had moved beyond simple control over territory and peoples towards the idea that obligations to protect core human rights should constitute part of the definition of providing security and protection for those peoples.

UN Secretaries-General Boutros Boutros-Ghali and Kofi Annan were important in stimulating this debate within the UN. Annan in particular demonstrated a willingness to make the argument that humanitarian disasters represented a threat to international peace and security; that “another Rwanda” had to be prevented; and that sovereignty had to mean more than the recognition of the sovereign rights of other states.¹¹ In several of his writings and speeches, and particularly in his September 1999 statement to the UN General Assembly, Annan emphasized that the global community could not stand idly by watching gross and systematic violations of human rights; that state sovereignty was being redefined to encompass the idea of individual sovereignty; and that the contemporary reading of the UN Charter meant we were “more than ever conscious that its aim is to protect individual human beings, not to protect those who abuse them.”¹² Annan’s call for action had an impact on or, perhaps more accurately, mirrored thinking in Africa in particular; the 2000 Constitutive Act of the African Union (the successor to the Organization of African Unity [OAU]) emphasized “the right of the Union [note, not the individual states] to intervene in a Member State pursuant to a decision of the Assembly in respect to grave circumstances, namely: war crimes, genocide, and crimes against humanity.”¹³

In response to Annan’s statements, the government of Canada led the establishment of a twelve-person International Commission on Intervention and State Sovereignty (ICISS). Its report produced in December 2001 and entitled “The Responsibility to Protect” (R2P)—showing obvious sensitivity to the unease caused by the phrase humanitarian intervention—launched a debate on where that responsibility lay. ICISS commissioners were in no doubt that when states were “unwilling or unable” to protect their own citizens from humanitarian catastrophe, then that responsibility had to be borne “by the broader community of states.” The methods to be used might include “political, economic or judicial measures,” and “only in extreme cases” might also involve military action.¹⁴

Serious controversy followed the publication of this report, with widespread ICISS consultations afterwards highlighting the hostility

towards the idea of humanitarian intervention.¹⁵ This was particularly the case in China, where ICISS roundtable discussions focused predominantly on when to intervene militarily and the likely impact of military intervention, rather than on the non-military actions that the ICISS report stressed. Nevertheless, despite the controversy, the global debate over intervention continued, with the US-led 2003 military strike into Iraq in the absence of an enabling UN Security Council Resolution proving the most divisive of developments. The UN Secretary-General described this period as a “fork in the road” for the United Nations, and as a result established a High-Level Panel (HLP) on “Threats, Challenges, and Change” to consider what might be regarded as legitimate action when states contemplated using force.

The report that ensued, entitled *A More Secure World*, referred to the three most difficult questions that had arisen out of recent practice and that needed to be resolved. The third among these questions challenged UN member states to consider the criteria that might be useful for establishing a more consistent response in cases “where the threat is primarily internal, to a State’s own people.”¹⁶ It recommended consideration of five such criteria including seriousness of the threat; proper purpose; last resort; proportional means; and the balance of consequences. This report also continued to use the language of a “responsibility to protect.”

The World Summit meeting of September 2005 represented the next major phase of this debate and produced a document that included endorsement of the idea of responsible sovereignty in paragraphs 138 and 139. Further endorsements of R2P were to come. UN Security Council Resolution 1674—passed unanimously on April 28, 2006, and focusing on the “Protection of Civilians in Armed Conflict”—also contained a reference to R2P. Security Council Resolution 1706 (2006), relating to the crisis in Darfur, reaffirmed the language again, suggesting some institutional embedding of the R2P idea.

Moreover, this debate over international responses to humanitarian crises was not simply one that was being held at elite levels. The idea of a “Responsibility to Protect” started to find support among a number of publics, and not only among domestic and transnational human rights organizations that had been particularly vocal since the end of the Cold War in pressing for higher standards of protection against abuse. One multinational study, based on interviews in twelve countries among the general public, found that a majority in eight of them and a plurality in four accepted that the UN Security Council had a “responsibility [not just a right] to authorize the use of force to protect people from severe human rights violations such as genocide, even against the will of their

own government.”¹⁷ Undoubtedly, use of the word “genocide” may have somewhat skewed the results, but the levels of support were strikingly high at between sixty-four per cent and seventy-six per cent—even discounting for the use of this terminology—in China, the United States, and among Palestinians and Israelis.¹⁸

However, it is important not to overstate the extent to which the norm of a collective international responsibility to protect, exercisable by the Security Council and including the authorization of military intervention, even as a last resort, has been established. Certainly, the Security Council has shown itself willing to accept that widespread human suffering may represent a threat to international peace and security, as shown by its various decisions since the 1990s. But the move towards sovereignty as responsibility has been slow and qualified: for example, at the time of Annan’s 1999 speech to the UN General Assembly, only a handful of states supported his position advocating intervention to protect civilians from wholesale slaughter.¹⁹ The Council, in most cases, has also shown itself reluctant to authorize military intervention for humanitarian purposes without some degree of consent being given by the target country. China, for example, would only endorse the case for intervening in Somalia on the basis that there was no responsible government able to give consent.

Furthermore, there are various important limiting conditions contained within the language of “Responsibility to Protect” and the WSO document. The conditions sparking R2P are exacting in terms of the violations requiring an international response—genocide, war crimes, ethnic cleansing, and crimes against humanity, together with their incitement—rather than including the broader references to “large-scale killing” or “serious violations of international humanitarian law” that were contained within the UN Secretary-General’s High-Level Panel Report of 2004.²⁰ These more demanding conditions were deemed to be less controversial because they were related to existing international law.²¹ The initial reference to a state’s inability or unwillingness to act to protect its populations became in the Outcome document (with both US and some developing-country support) “the stronger hurdle of ‘manifest failure.’”²² In addition to the just cause threshold being set higher, the Outcome document (as noted earlier) gave the host state a primary role in the responsibility to protect, diminishing the prominence of an HLP reference to a “collective international responsibility.” In turn, that reference to collective responsibility in the HLP Report became in the WSO document: “we are prepared to take collective action, in a timely and decisive manner, through the Security Council, in accordance with the

Charter.” The Outcome document also removed all reference to the five criteria for intervention outlined in the HLP’s report, as well as dropping a paragraph that called for debate of the criteria.²³ Notably, China, Russia, and the United States all opposed adopting such criteria for intervention.²⁴ As far as Thomas Weiss, the former research director of the ICISS, is concerned, some of these changes—especially the emphasis on Security Council authorization and on the primary role of the state—has turned it into “R2P-lite.”²⁵

The Move Towards Implementation of R2P

The UN debate over R2P reached a critical stage in 2009, with both the publication in January of the UN Secretary-General’s Report to the UN General Assembly “Implementing the Responsibility to Protect,” and the subsequent discussion of its recommendations in the Assembly in July.²⁶ The January report developed a three-pillar approach to R2P. The first pillar concentrates on the responsibility of the state to provide protection to its population (sovereignty as responsibility); the second pillar focuses on international assistance to build state capacity to prevent atrocities; and the third emphasizes the need for a “timely and decisive response” in the event that gross violations do occur. While the report stated that no one pillar was more important than another, it did place particular emphasis on the ways that the international community can help build capacities inside states so that abuses of rights do not occur in the first place. As Gareth Evans noted (not necessarily approvingly) during his remarks in the July “Informal Interactive Dialogue on the Responsibility to Protect,” the Secretary-General’s report acknowledged that UN member states “may be more comfortable focusing just on the first two pillars, which are about prevention rather than reaction, and by definition do not have any element at all of involuntary intervention or coercion.”²⁷

The UN Secretary-General’s Special Adviser on R2P, Edward C. Luck, made repeated reference in his remarks to the July General Assembly meeting to the remarkable nature of the consensus reached at the 2005 World Summit and the need to sustain the understandings reached there. He also spent considerable time dispelling what he described as “some of the myths that have clung to RtoP,” such as the unwarranted claim that R2P is “another word for military intervention, when it seeks the opposite.” Drawing on the January report, he also underlined “the need for more knowledge and keener analysis about which preventive measures have worked best in various places and circumstances” and “what kinds

of assistance or capacity-building would be most helpful to states seeking to forestall future rounds of violence and social fragmentation.”²⁸

As the debate unfolded at the UN, member-state support for the 2005 consensus, as expressed in Paragraphs 138 and 139 of the WSO document, held reasonably firm. Of the ninety-four speakers, “at least two-thirds ... spoke positively of the Secretary-General’s report; more than forty explicitly welcomed it. Over fifty states endorsed the formulation of a three-pillar strategy. ... And there was unanimity on the importance of the first two pillars and the fundamental obligation to prevent mass atrocity crimes.”²⁹

In sum, many political actors—state and non-state—have more firmly endorsed a concept of security that focuses on individual well-being, and have accepted that state sovereignty cannot function as a shield behind which governments commit gross violations of human rights. However, while the UN Security Council has accepted a responsibility to use provisions of the UN Charter to deal with four specific crimes involving gross violations of human rights—even to the point where it may authorize military intervention for humanitarian purposes—the use of force for these ends has been set at a high bar in the WSO consensus document and in subsequent documents and debates featuring R2P. Moreover, for all their potential, these developments have not helped states decide what should be done where an anticipated or actual use of a Permanent Member’s veto prevents the Security Council from acting in cases of supreme humanitarian need. The consensus position behind R2P is that the threshold for intervention should be set at a high level, both in deciding when there should be an international response to atrocities, and when a state should be judged to have failed in offering protection for its citizenry. Moreover, attention should predominantly be directed towards the prevention of abuse rather than international response once abuses start occurring.

China and Its Involvement in UN-Sponsored Humanitarian Action

Beijing participated directly in the deliberations that led to the 2005 WSO document; it voted in support of UN Security Council Resolution 1674 that referenced R2P in the context of the protection of civilians in armed conflict; and it has sanctioned UN military interventions in other states, sometimes for humanitarian reasons. Thus, despite its frequent references to state sovereignty and non-interference in internal affairs, its attitude towards intervention and the uses of force for humanitarian

purposes in global politics has developed and adapted. At the same time, China's known and anticipated positions in these debates have led to certain key discursive modifications to official documents and UN resolutions, although it has not been alone in promoting such changes.

These adaptations in Chinese attitudes towards sovereignty-related questions have come gradually and should not be exaggerated either in their scope or their novelty. During the Maoist period, China frequently commented on human rights violations in other countries if they involved the violation of group rights. From the 1950s, for example, Beijing attacked the South African regime for its policy of racial discrimination; supported the African-American community in its struggle for civil and political rights; and criticized the Thai government in 1958 for allegedly discriminating against its overseas Chinese, in the course of which, China stated, Bangkok had "violated fundamental, internationally accepted human rights."³⁰ From the time of its reform and opening in the late 1970s, China began to develop a more positive attitude towards UN peacekeeping operations (PKOs), steadily increasing its level of participation even as these operations began to take on humanitarian and strongly interventionist tasks. Beijing's involvement has become particularly significant in the last ten years or so, increasing twentyfold since 2000. Indeed, at the end of 2008 it had more personnel involved in these operations than Russia, the United Kingdom, or the United States. Most of these peacekeepers are concentrated in the region of greatest need: Africa. In August 2007, a Chinese general was appointed to be force commander of the UN mission in Western Sahara, significant in part because Beijing has no resource interests in that country, suggesting that it may be image rather than interest that underpins China's involvement.³¹

China's participation in PKOs is a significant development. Although China tends to offer only police, medical, and engineering contingents, these operations now involve tasks far more varied than keeping warring parties apart. Operational mandates are intrusive in nature and often include establishing the conditions for the holding of elections, demobilization of fighting groups, the promotion of human rights, and the building of institutions to promote the rule of law. The PKO of 1991 in El Salvador was the first to include a human-rights division, but almost all PKOs since have maintained that profile.³² The Chinese ambassador to the United Nations, Liu Zhemin, acknowledged the complexity of PKOs in the twenty-first century, noting: "[T]he basic parameters of peacekeeping—consent, impartiality and the non-use of force—should remain intact. ...[However,] the Security Council is now facing new challenges in crafting peacekeeping mandates, especially as countries began asking for the inclusion of new duties, such as the protection of civilians."³³

A detailed examination of this record of Chinese involvement illustrates more precisely the modified Chinese position. Beijing joined other five permanent members in authorizing military action in Somalia in 1992 under Chapter VII provisions of the UN Charter, remarkable in that the enforcement mission was mandated to “use all necessary means to establish as soon as possible a secure environment for humanitarian relief operations” in the country. Moreover, the use of force was justified solely to deal with the “magnitude of the human tragedy caused by the conflict in Somalia.”³⁴ China also supported the resolution on Haiti in 1993, again one that referred to the “incidence of humanitarian crises, including the mass displacements of population.”

Certainly, Beijing was very critical of developments in Kosovo in 1999 in the absence of Security Council agreement, and especially once aerial bombing had begun. Its anger intensified when China’s Belgrade embassy was hit by NATO bombers a few months later. It also voted, with Russia and Namibia, in support of a Russian-sponsored draft resolution that called for an “immediate cessation of the use of force against the Federal Republic of Yugoslavia.” Nevertheless, shortly after that, and having initially held back its consent, it voted in support of both UN resolutions that authorized robust intervention in East Timor. Although there is no explicit reference in the UN Charter to the international administration of war-torn territories, such an authority was established in Timor and permitted to exercise “supreme executive, legislative and judicial authority” in the territory for a limited period. China further indicated its support by deploying a few civilian police to the UN Transitional Administration in East Timor mission.³⁵

China has been unwilling to support UN Security Council sanctions against Burma/Myanmar during times of humanitarian need in that country. It even went so far as to use its veto in January 2007, “the first time since 1973 that Beijing vetoed any matter unrelated to Taiwan.”³⁶ However, international censure over its position on Burma, together with subsequent serious unrest in the country, led Beijing to toughen its line: it acquiesced in the passage of a condemnatory resolution in the UN Human Rights Council; supported a UN Security Council statement strongly deploring the junta’s violent tactics against peaceful demonstrators; and pressed the Burmese government to receive the UN special envoy, Ibrahim Gambari.³⁷ In addition, Beijing called for meaningful efforts by the regime to reconcile with domestic opposition groups and minority ethnic factions: As Vice President Xi Jinping told the Burmese leader, Than Shwe, in December 2009, he hoped to see “political stability, economic development and national reconciliation.”³⁸

Another major controversy has involved China's relationship with Sudan, where once again it has shown some limited flexibility as the humanitarian crisis has unfolded. China came under a great deal of international disapproval for its actions in support of the government in Sudan, and over time it has taken a number of cautious steps aimed at addressing the humanitarian disaster in Darfur. In April 2006, Beijing abstained on UN Security Council Resolution 1672 imposing targeted sanctions on four Sudanese officials, while also affirming that it endorsed "the idea that those responsible for the serious violations of international humanitarian law and international human rights must be brought to justice."³⁹ By September that year, Beijing had started to put pressure on the Sudanese government to accept a hybrid African Union–UN peace-keeping force, and in November its UN ambassador "made crucial interventions to secure the Sudanese government's agreement to the plan."⁴⁰ During President Hu Jintao's visit to Khartoum in February 2007, he privately put pressure on his Sudanese counterpart to comply with this hybrid force deployment and China itself committed to send engineering troops. The pressure for full deployment was to continue into the following year, during which Chinese oil workers came under serious threat, with some kidnapped and killed. In an unusual move, Beijing also engaged some of the non-governmental lobbies involved in the issue in an attempt to explain what it was trying to do to address the conflict.⁴¹

However, this is not solely about China's adaptation to a global norm. Beijing has also shaped the discursive and behavioural environment in such a way as to make it more compatible with its preferences. China prefers an incremental and cautious approach, and has tried to deal with all matters that have come before the Security Council on a case-by-case basis in an attempt to prevent the establishment of a precedent in UN behaviour. In relation to Somalia, China argued that it agreed to intervention because there was no responsible governmental authority to give consent; on Haiti, China stated that prior action on the part of the Organization of American States as well as the General Assembly provided the enabling context that "warrant[ed] the extraordinary consideration of the matter by the Security Council and the equally extraordinary application of measures provided for in Chapter VII."⁴² East Timor was made easier for Beijing when the Indonesian president gave his grudging consent to the UN-mandated operation and by the fact that China had never recognized the Indonesian takeover of East Timor in the first place.⁴³

Above all, China has tried to sustain a definition of intervention that includes host-state consent and a prominent role for the UN Secu-

rity Council. As its authoritative document on UN reform of June 2005 states:

When a massive humanitarian crisis occurs, it is the legitimate concern of the international community to ease and defuse the crisis. Any response to such a crisis should strictly conform to the UN Charter and the opinions of the country and the regional organization concerned should be respected. . . . Wherever it involves enforcement actions, there should be more prudence in the consideration of each case.

That document still represents a reasonable summary of the officially preferred Chinese position. Chinese officials and elites have moved beyond a debate about how best to “defend the principle of non-interference” and have come to assess the “conditions under which intervention is justified.”⁴⁴ But they have also laid down some ground rules involving the role of the UN Security Council, regional organizations and host state, and have tried to slow the train of intervention, particularly at a time when it seemed to be picking up speed.

China and R2P

Turning more specifically to R2P, undoubtedly these developments in the broader field of peace operations have shaped Chinese thinking in relation to this concept. With R2P, as with UN involvement in peace operations, China has worked to define R2P’s meaning and the way it may (or may not) be implemented. In essence, it has worked to reinforce R2P’s more conservative application and with this success it has become somewhat less circumspect towards the concept. As Pang Zhongying has put it: “[S]ome Chinese analysts worried that this concept would be used to justify unwarranted military intervention by the United States or some European powers, but gradually they recognized that R2P could be used to bridge the divide between supporters of ‘humanitarian intervention’ and supporters of state sovereignty and non-intervention.”⁴⁵

China began to circumscribe the application of intervention after the completion of the 2004 HLP Report, when it argued that the 2005 WSO document should put the emphasis on action designed to prevent the abuses from occurring in the first place. It also refused initially to endorse Security Council Resolution 1674, until that resolution reflected the language of the WSO document on R2P.⁴⁶ At the UN General Assembly debate on R2P in July 2009, Beijing’s representatives again stressed the importance of the consensus that underlay the WSO document’s interpretation of R2P, and its ambassador emphasized the compatibility

between R2P, state sovereignty, and non-interference in that the “government of a given state bears the primary responsibility for protecting its citizens.” He also stressed that R2P would only apply to the four international crimes outlined in Paragraph 138 of the WSO document, while acknowledging that these violations would create a “common aspiration and legitimate demand” to “ease and curtail the crisis.” But he reminded his audience that those aspirations had to involve actions that respected the provisions of the UN Charter as well as the “views of the government and regional organizations concerned,” and that “all peaceful means” had to have been “exhausted” before coercive measures could be contemplated. In conclusion, the Chinese ambassador claimed that UN member states still diverged in their interpretations of R2P and that this concept therefore required further discussion within the UN General Assembly, but based on the 2005 WSO document.

The ambassador’s statement was not one that went far beyond Pillar I of R2P, and it suggested little or nothing about implementation measures beyond confirming China’s willingness to participate in a further debate “in an effort to forge a common view.”⁴⁷ It did question whether any early warning system needed to be established, but added that if one was deemed necessary, then it was “imperative to ensure the neutrality and reliability of the information gathered, ensure the fairness and transparency of the assessment procedures, and prevent double standards or politicization of the question at hand.”

However, while it represented a conservative voice in this UN debate, Beijing did not suggest that it wanted to revisit and unpick the 2005 consensus document. Overall, it has operated as neither a norm-taker nor norm-maker, but something in between. It has shaped the norm in a more conservative direction, although interestingly it apparently made few overt efforts during the July 2009 UN meeting to influence other delegations to support its cautious position.⁴⁸

The change in China’s position is therefore relatively modest, but should be acknowledged. Beijing is influencing the R2P debate, and while it is conservative and cautious (or “prudent,” as China might put it), it has not set itself up to block further discussion. Neither is it refusing to accept the need to consider action in cases of supreme humanitarian need, provided certain conditions are met.

Explaining Modest Change in China’s Position

How might we best explain these modest adaptations in China’s position? China remains wary of R2P, and has long adhered to a defini-

tion of human security that gives greater emphasis to “freedom from want” than “freedom from fear.” However, modest changes in China’s attitudes towards the meaning of sovereignty and in its attitude towards humanitarian catastrophes beyond its borders have occurred and require explanation.

First, it is clear that China’s position on R2P has not diverged too far from the international consensus in part because R2P is debated against the backdrop of another global norm—that of non-interference in the internal affairs of states, which remains a powerful building block of international order. Perhaps Beijing has been comforted too by the realization that liberal states have lost authority as a result of the 2003 intervention in Iraq and thus any momentum behind the idea of military action—as opposed to other, more peaceful forms of intervention—has slowed, if not reversed.

Second, China’s policies have been influenced by the institutional setting in which they have been negotiated. Chinese analysts and officials view the United Nations as an authoritative body that to some extent represents an international procedural consensus; no other institution is available in global politics to play this legitimating role, so many Chinese commentators aver.⁴⁹ Given this particular interpretation of the UN, together with Beijing’s concerns about international image and desire to be recognized as a “responsible great power,” it has rarely blocked outright various expanded UN efforts in the post-Cold War era to respond to threats to international peace and security, even when humanitarian action might be at their root. Beijing has also come to understand that NGOs concerned about violence and human rights abuses are a part of the global policy environment. These political actors, sometimes working with UN agencies, play a significant role in the construction of a state’s international image and must be accommodated in some way. On the other hand, the institutional design of the UN Security Council provides reassurance to China that it may stop a proposed course of action that it finds intolerable. Either the actual veto or the anticipatory veto provides China with the institutional clout to revise Security Council resolutions or, as a last resort, to block them entirely. Other states are aware of several of Beijing’s “red lines” and shape their responses and resolutions with these in mind.

Thirdly, other members of the Asia-Pacific region who spoke in the July 2009 debate are also likely to have had some influence on China’s positions towards R2P, for similar kinds of image-related reasons. In July, China placed itself close to, but not right at, the conservative end of the continuum of state opinion. Asia-Pacific states ranged from Indonesia’s “resounding support” for all three pillars of R2P, to very strong support

from Japan, South Korea, and the Philippines, to the more sceptical positions of Malaysia and North Korea. Given the Chinese emphasis on the significance of regional support for UN actions, these official regional attitudes would have been considered very carefully by China. It is unlikely that Beijing would have wanted to appear wholly removed from these perspectives.

Finally, the position of the United States in the debate has provided China with some cover. Although the United States is strongly and perhaps negatively associated with interventionist practices, sometimes for humanitarian motivations, its failure to act in Rwanda in 1994 and circumspect attitude to Sudan in the 2000s suggest no automaticity on these matters. Rather, the United States appears to have a desire to maintain strategic autonomy over decisions that might involve it in the use of force. The United States, like China, was reluctant to accept the attempted codification of the conditions under which intervention should occur as outlined in the 2004 HLP report. Although the underlying reasoning is different, the US, like China, has placed emphasis on the preventative aspects of R2P, and during an early draft of the WSO document objected to language that suggested the UN Security Council had a legal obligation to intervene when atrocities were occurring.⁵⁰

These kinds of considerations, involving China's regional and global image and behaviour in reference to significant others, are of particular consequence to the Chinese Ministry of Foreign Affairs (MOFA). It is this body that has often been instrumental in developing positions that suggest diplomatic flexibility and perceived sensitivity to trends in world opinion. With respect to PKOs, for example, it is the MOFA that has played a key role in reducing People's Liberation Army (PLA) scepticism about participation in peace operations, when some in the armed forces argued that PKOs were not a "top priority" and only of "marginal importance" compared with its mandate of protecting national security.⁵¹ MOFA arguments have stressed instead that involvement in PKOs is important to signal international commitment to the promotion of peace. As some interviewees in China informed the IR scholar Shogo Suzuki, growing involvement in PKOs has allowed Beijing "to cultivate the image of a responsible great power, and cultivate the image of [a] state which protects international peace. It also wants to improve the image of the Chinese and the Chinese military."⁵² Participation in PKOs "has been a public relations success ...[,] has given the PLA an important boost domestically, and helped massage its image internationally."⁵³

Undoubtedly, China's preferred position on R2P is to emphasize R2P's prevention mandate and thus the state's responsibility for protect-

ing its citizens. The international community, in Beijing's view, can provide assistance in building state capacity, but in the end should clearly remain in a position subordinate to the actions of the state concerned. This position is not too far away from the UN member-state consensus on R2P, with some notable exceptions such as Chile, Ghana, Nigeria, South Africa, Indonesia, South Korea, and the Philippines, whose governments are far more supportive of the concept than China.

Conclusion

What can we conclude, then, about China's influences on UN practice in areas of humanitarian concern? With respect to UN peacekeeping operations, China has made it clear that it prefers more limited mandates, host-state consent wherever possible, and UN Security Council consensus. Where consent proves impossible, China may be prepared to yield provided that a relevant regional organization (where there exists an appropriate body) has given its assent. In relation to R2P, Beijing prefers to discuss an elaboration of the concept rather than debating a conception of humanitarian intervention that Beijing sees to be overly associated with a military response to gross violations of human rights. Above all, China supports an emphasis on the development of state capacity so that intervention by external actors is required less frequently.

China has played a role in developing these more constrained and particular features of R2P, but it has not been alone in promoting these outcomes. Although it is at the conservative end of the continuum with respect to the concept of R2P, it is not an overtly obstructionist force. China is influencing developments in the understanding of state responsibility by seeking to shape—rather than make—the concept of R2P, one of the central institutions through which issues of sovereignty will be debated now and in the future.■

Notes

¹ I would like to record my grateful thanks to Anna Schrimpf for her research assistance.

² Often known as R2P, and sometimes as RtoP. R2P will more often be used in this paper. The World Summit Outcome document can be found in UN General Assembly (UNGA) Res 60/1 (October 24, 2005) UN Doc A/RES/60/1, <http://unpan1.un.org/intradoc/groups/public/documents/un/unpano21752.pdf> (accessed January 16, 2011).

³ Paragraph 138 reads in full: “Each individual State has the responsibility to protect its populations from genocide, war crimes, ethnic cleansing and crimes against humanity. This responsibility entails the prevention of such crimes, including their incitement, through appropriate and necessary means. We accept that responsibility and will act in accordance with it. The international community should, as appropriate, encourage and help States to exercise this responsibility and support the United Nations in establishing an early warning capability.” Paragraph 139 reads in part: “The international community, through the United Nations, also has the responsibility to use appropriate diplomatic, humanitarian and other peaceful means, in accordance with Chapters VI and VIII of the Charter, to help to protect populations from [the four crimes listed in paragraph 138]. In this context, we are prepared to take collective action, in a timely and decisive manner, through the Security Council, in accordance with the Charter, including Chapter VII, on a case-by-case basis and in cooperation with relevant regional organizations as appropriate, should peaceful means be inadequate and national authorities are manifestly failing to protect their populations from [the four crimes]. ... We also intend to commit ourselves, as necessary and appropriate, to helping States build capacity to protect their populations ... and to assisting those which are under stress before crises and conflicts break out.” UNGA Res 60/1 (October 24, 2005) UN Doc A/RES/60/1.

⁴ For a discussion of the terms “solidarism” and “pluralism,” see N. J. Wheeler, “Pluralist or Solidarist Conceptions of Humanitarian Intervention: Bull and Vincent on Humanitarian Intervention,” *Millennium* 21, no. 2 (1992), 463–87.

⁵ One definition of humanitarian intervention is “coercive interference in the internal affairs of a state, involving the use of armed force, with the purposes of addressing massive human rights violations or preventing widespread human suffering,” Jennifer M. Welsh, “Introduction,” in *Humanitarian Intervention and International Relations*, ed. Jennifer M. Welsh (Oxford: Oxford University Press, 2004), 1–8, 3. Another is “the threat or use of force across state borders by a state (or group of states) aimed at preventing or ending widespread and grave violations of the fundamental human rights of individuals other than its own citizens, without the permission of the state within whose territory force is applied,” J. L. Holzgrefe, “The humanitarian intervention debate,” in *Humanitarian Intervention: Ethical, Legal, and Political Dilemmas*, ed. J. L. Holzgrefe and Robert O. Keohane (Cambridge: Cambridge University Press, 2003), 15–52, 18. Note that this second definition makes explicit reference to absence of consent.

⁶ A fuller discussion of the origins of R2P is available in Ramesh Thakur and Thomas G. Weiss, “R2P: from Idea to Norm—and Action?,” *Global Responsibility to Protect* 1, no. 1 (2009): 22–53, 26–9.

⁷ See Nicholas J. Wheeler, “The Humanitarian Responsibilities of Sovereignty: Explaining the Development of a New Norm of Military Intervention for Humanitarian Purposes in International Society,” in *Humanitarian Intervention*, ed. Welsh, 29–51, 32–3; and Adam Roberts, “The United Nations and Humanitarian Intervention,” in *Humanitarian Intervention*, ed. Welsh, 71–97.

⁸ Jennifer M. Welsh, “The Security Council and Humanitarian Intervention,” in *The United Nations Security Council and War: The Evolution of Thought and Practice Since 1945*, eds. Vaughan Lowe, Adam Roberts, Jennifer Welsh, and Dominik Zaum (Ox-

⁹ See UNGA, "Implementing the Responsibility to Protect: Report of the Secretary-General," UNGA Sixty-third Session (January 12, 2009) UN Doc A/63/677, para. 7.6. This report was drafted by the Secretary General's Special Adviser on R2P, Edward C. Luck.

¹⁰ See Donald Rothchild, Francis M. Deng, I. William Zartman, Sadikiel Kimaro, and Terrence Lyons, *Sovereignty as Responsibility: Conflict Management in Africa* (Washington, DC: Brookings Institution, 1996).

¹¹ Note also that in *Agenda for Peace*, Boutros Boutros-Ghali wrote: "The time of absolute and exclusive sovereignty, however, has passed." Report of the Secretary-General, "An Agenda for Peace: Preventive Diplomacy, Peacemaking and Peace-keeping" (January 12, 2009) UN Doc A/47/277.

¹² Kofi A. Annan, *The Question of Intervention: Statements by the Secretary-General* (New York: United Nations Department of Public Information, 1999).

¹³ This is a remarkable statement given the African Union's emphasis on non-intervention.

¹⁴ ICISS, "The Responsibility to Protect: Report of the International Commission on Intervention and State Sovereignty," <http://www.iciss.ca/report2-en.asp> (accessed January 6, 2011).

¹⁵ See Alex D. Bellamy, "R2P and the Problem of Military Intervention," *International Affairs* 84, no. 4 (2008): 615–39, 621.

¹⁶ The other two were "when a State claims the right to strike preventively, in self-defence, in response to a threat which is not imminent", and "when a State appears to be posing an external threat, actual or potential, to other States or people outside its borders, but there is disagreement in the Security Council as to what to do about it." Report of the Secretary-General's High Level Panel on Threats, Challenges, and Change, "A More Secure World: Our Shared Responsibility," (December 2, 2004), UN Doc A/59/565, 54.

¹⁷ World Public Opinion, "Publics Around the World Say UN has Responsibility to Protect Against Genocide," April 4, 2007, <http://www.worldpublicopinion.org> (accessed January 6, 2011).

¹⁸ Some 76% of the Chinese public supported this, followed by Americans at 74%, Palestinians (69%) and Israelis (64%).

¹⁹ See Roberts, "The United Nations," 86.

²⁰ Apparently, these linkages to specific crimes were suggested by Pakistan's ambassador to the UN. See Edward C. Luck, "Sovereignty, Choice, and the Responsibility to Protect," *Global Responsibility to Protect* 1, no. 1 (2009): 10–21, 13, note 6.

²¹ China does not agree with this statement and has described R2P as a "concept" and not as a "rule of international law." See Liu Zhenmin, Statement by Ambassador Liu Zhenmin at the Plenary Session of the General Assembly on the Questions of 'Responsibility to Protect', July 24, 2009, <http://www.mfa.gov.cn/ce/ceun/eng/hyyfy/t575682.htm> (accessed January 6, 2011).

²² Welsh, "The Security Council," 558.

²³ See Alex D. Bellamy, "Whither the Responsibility to Protect? Humanitarian Intervention and the 2005 World Summit," *Ethics and International Affairs* 20, no. 2 (2006): 143–69, 166–8. Luck is not against this omission, arguing that too open-ended a conception of R2P "would be impossible to operationalize or institutionalize. It would become one more case of the United Nations stretching a relatively discrete and well-defined concept until it loses its shape, clarity, and meaning." Edward C. Luck, "The United Nations and the Responsibility to Protect," *Policy Analysis Brief* (Muscatine, IA: The Stanley Foundation, 2008), 5.

²⁴ The US government did not want its freedom of action to be limited, Luck, "Sovereignty," 11; Meanwhile, the Chinese and Russian governments believed it might lead to circumvention of the UN Security Council, Bellamy, "R2P," 626.

²⁵ Nicholas J. Wheeler and Frazer Egerton, "The Responsibility to Protect: 'Precious Commitment' or a Promise Unfulfilled?" *Global Responsibility to Protect* 1, no. 1 (2009): 114–32, 123.

²⁶ Ninety-two member states, together with two observer missions, spoke in the July 2009 debate.

²⁷ Evans, formerly Co-Chair with Mohamed Sahnoun of the International Commission on Intervention and State Sovereignty, added: "it is crucial—if we are to be really serious about ending mass atrocity crimes once and for all—that there be equal readiness to act under the third pillar if circumstances cry out for this." He went on: "And that doesn't just mean 'sending in the Marines': it can mean, for example, diplomatic persuasion and pressure of the kind that was exercised so well by Kofi Annan in Kenya, the threat of international criminal prosecution, arms embargoes, targeted sanctions, or perhaps the jamming of hate radio stations." Gareth Evans, "Statement to United Nations General Assembly: Informal Interactive Dialogue on the Responsibility to Protect," July 23, 2009.

²⁸ Edward C. Luck, "Remarks to the General Assembly on the Responsibility to Protect (RtoP)," July 23, 2009.

²⁹ Global Centre for the Responsibility to Protect, "Implementing the Responsibility to Protect, the 2009 General Assembly Debate: An Assessment," August 2009, 2, <http://www.globalr2p.org/advocacy/index.php> (accessed January 6, 2011).

³⁰ Andrew J. Nathan and Robert S. Ross, *The Great Wall and the Empty Fortress: China's Search for Security* (New York: Norton, 1997), 179–80.

³¹ See Bates Gill and Chin-Hao Huang, "China's Expanding Peacekeeping Role: Its Significance and Policy Implications," *SIPRI Policy Brief* (Stockholm: SIPRI, February 2009), 1, 3.

³² See Adam Roberts and Dominik Zaum, "War and the United Nations Security Council Since 1945," *Adelphi Paper*, no. 395 (London: Routledge, 2008), 54–5.

³³ UN Press Release, February 2009.

³⁴ Quoted in Welsh, "The Security Council," 541.

³⁵ See Allen Carlson, "More than Just Saying No: China's Evolving Approach to

Sovereignty and Intervention,” in *New Directions in the Study of China's Foreign Policy*, eds. Alastair Iain Johnson and Robert S. Ross (Stanford: Stanford University Press, 2006), 217–41, 227.

³⁶ Stephanie Kleine-Ahlbrandt and Andrew Small, “China's New Dictatorship Diplomacy,” *Foreign Affairs* 87, no. 1 (2008): 38–56, 42.

³⁷ See *ibid.*, 42–4.

³⁸ Wai Moe, “China tells Than Shwe it wants ‘Stability, National Reconciliation,’” *The Irrawaddy*, December 21, 2009.

³⁹ Sarah Teitt notes that according to China, sanctions would not work, they would victimize civilians, and that the timing was bad because the resolution came a week before the deadline on the Abuja peace talks sponsored by the African Union. See Sarah Teitt, “Assessing Polemics, Principles and Practices: China and the Responsibility to Protect,” *Global Responsibility to Protect* 1, no. 2 (2009): 208–36, 213–4.

⁴⁰ Kleine-Ahlbrandt and Small, “China's New Dictatorship Diplomacy,” 42.

⁴¹ See International Crisis Group (ICG), “China's Growing Role in UN Peacekeeping,” *Asia Report*, no. 166 (Beijing/New York/Brussels: ICG, April 2009), 20–2.

⁴² Welsh, “The Security Council,” 541–2.

⁴³ Author's interview, Beijing, September 2008.

⁴⁴ Kleine-Ahlbrandt and Small, “China's New Dictatorship Diplomacy,” 39.

⁴⁵ Pang Zhongying, “China: Partner—or Ward?,” *Internationale Politik* 9, no. 3 (2008): 42–7, 43.

⁴⁶ See Sarah Teitt, *China and the Responsibility to Protect* (Brisbane: Asia-Pacific Centre for the Responsibility to Protect, 2008), 8.

⁴⁷ Liu, “Statement.”

⁴⁸ Author's interview, New York, October 2009.

⁴⁹ As former Chinese Foreign Minister, Qian Qichen, put it, the UN is the “most universal, representative, and authoritative international organization in the world.” Qian Qichen, “PRC's Qian Qichen Writes on US Security Strategy, International Relations,” *Foreign Broadcast Information Services, Daily Report*, January 20, 2004.

⁵⁰ See Wheeler and Egerton, “The Responsibility to Protect,” 122.

⁵¹ ICG, “China's Growing Role,” 26–7.

⁵² Shogo Suzuki, “Seeking ‘Legitimate’ Great Power Status in Post-Cold War International Society: China's and Japan's Participation in UNPKO,” *International Relations* 22, no. 1 (2008): 45–63, 56 (emphasis in the original).

⁵³ ICG, “China's Growing Role,” 13.

China's Role in Reshaping the Global Nuclear Non-Proliferation Regime

63

TONG ZHAO¹

ABSTRACT

Nuclear disarmament, non-proliferation of nuclear weapons, and the peaceful use of nuclear technology form the three pillars of the Nuclear Non-Proliferation Treaty (NPT). China is a nuclear-weapons state under the treaty, yet its role in influencing and shaping the international nuclear regime has received little attention from scholars and analysts. This article examines the influence of China on the direction of international standards on nuclear weapons and other nuclear technology. It argues that China will continue to be involved in important ways in the nuclear regime, and moreover that China's involvement will likely be transformative for the regime as a whole.

The Nuclear Non-Proliferation Treaty (NPT) was established in 1970 as the most important international nuclear security institution. The treaty has as its three pillars the goals of nuclear disarmament, non-proliferation of nuclear weapons, and the peaceful use of nuclear technology. Over time, the relationship between China and international nuclear agreements such as the NPT, has changed significantly. A fierce opponent during the NPT's initial stages, China today is an active participant in the nuclear regime. Furthermore, in this issue-area as in others, once China is incorporated into existing international institutions, it begins to influence, and even to reshape, certain key institutional mechanisms.

China's approach to global nuclear disarmament strongly influences the direction of negotiations. For example, on the one hand, China's increasing economic power and ambitious civilian nuclear development programs challenges the efficacy of current counter-proliferation mechanisms. On the other hand, the same factors also lead China to call for international co-operation on nuclear energy questions. None of these dynamics has received sufficient attention from analysts. This article then explores the interaction of China with the three pillars of the nuclear regime in order to shed light on how and why China is likely to affect the regime's future evolution.

From Bilateral to Multilateral Nuclear Disarmament

The global nuclear disarmament movement has recently regained momentum, especially with the publication of a series of prominent Wall Street Journal op-eds by the so-called "Four Horsemen."² But disarmament is not a new idea. Calls for nuclear disarmament were heard almost as soon as nuclear weapons were created in the 1940s. Disarmament negotiations between the United States and the Soviet Union continued throughout the Cold War. However, the cause of nuclear disarmament saw its most significant breakthrough following the disintegration of the Soviet Union, when the nuclear arsenals of the United States and Russia were reduced substantially. Since the end of the Cold War, the arsenals of these two countries have continued to shrink as new agreements are reached. For example, the recently concluded follow-on agreement of the Strategic Arms Reduction Treaty (START) will, over seven years, reduce the number of deployed strategic nuclear warheads in each country to no more than 1,675.³

This, and almost all previous nuclear disarmament negotiations took place bilaterally between the two principal Cold War adversaries. As the Cold War recedes into history, however, the idea that successful negotiations can be conducted without the involvement of second-tier nuclear-weapon states is increasingly untenable. After all, further reductions by the United States and Russia are unlikely so long as second-tier nuclear-weapon states continue to make no commitments concerning their own nuclear stockpiles.

China's role is crucial. For one thing, the United States, and to a lesser degree, Russia, are highly concerned about China's nuclear capability. China is frequently mentioned by US policymakers, for example, as the only nuclear-weapon state under the NPT that is currently modernizing its nuclear arsenal.⁴ Moreover, China's attitude towards nuclear disarmament will likely have considerable influence on the attitude of other second-tier nuclear-weapon states. Thus China's level of commitment to the process will be critical for the successful transformation of the nuclear regime from a bilateral to a multilateral framework.

Nuclear Disarmament as Part of a Comprehensive Arms Control Arrangement

Since its first nuclear explosion in 1964, China's nuclear arsenal has been kept much smaller than those of the two major nuclear powers. Even after significant reductions, the United States and Russia still pos-

sess thousands of actively deployed strategic nuclear warheads, with thousands of strategic warheads in reserve—as well as a large number of tactical nuclear weapons.⁵ China's nuclear arsenal is a fraction of the size.⁶ In addition, only a small number of China's nuclear weapons are strategic ones capable of reaching the United States.

Classical deterrence theory holds that a country should retain a nuclear capability sufficient to launch an effective nuclear retaliation following a first strike by an opponent. However, new developments in military technology have challenged traditional thinking on deterrence. In particular, theorists of nuclear deterrence have to reckon with certain implications of new conventional weapon systems. Both conventional defensive systems such as ballistic missile interceptors and conventional offensive systems such as intercontinental ballistic missiles have implications for nuclear policy. However, the nature of these implications will vary from country to country due to the large disparities in the size of weapons stockpiles. For example, whereas the sorts of conventional strategic weapon systems that are likely to emerge in the short- to medium-term will probably not significantly undermine the second-strike capabilities of Russia, they might be sufficient to counterbalance smaller nuclear powers such as China.

Thus, as China becomes involved in disarmament negotiations, it is unlikely that these negotiations will proceed as they have done in the past, where the United States and Soviet Union (and later Russia) dealt bilaterally with the question of nuclear balance while excluding questions regarding conventional military capabilities. Previous nuclear arms control negotiation frameworks, such as the Strategic Arms Limitation Talks (SALT), START, and the Strategic Offensive Reductions Treaty (SORT), focused almost exclusively on nuclear warheads and their delivery systems. Although the deployment of national ballistic missile defence systems was once restricted by the Anti-Ballistic Missile Treaty (ABM), this restriction was lifted when the ABM Treaty fell apart in 2002. The most recent START follow-on treaty was concluded with no limitations on missile defence development and deployment. However, such a negotiation framework would no longer apply were China involved in a general discussion on nuclear disarmament. China has been concerned for years that ground-based ballistic missile interceptors in Alaska and Florida might challenge its nuclear second strike capabilities; and the Obama administration's plan to upgrade and expand the US fleet of sea-based and land-based Standard Missile (SM) interceptors might present a still more severe challenge. Advanced SM interceptors deployed in the Asia-Pacific region could bring down Chinese intercontinental ballistic missiles while the missiles were still in the ascent phase of flight.⁷ In ad-

dition, US so-called SM-3 missile defence systems are highly mobile. In a time of crisis, such systems could heavily undermine China's nuclear deterrence were they to be relocated closer to China.

For similar reasons, China's nuclear deterrence is more vulnerable to space weaponization than that of the United States or Russia. China's confidence in the survival of its nuclear forces may be seriously undermined by space-based striking or intelligence-collecting systems. Taking all this into consideration, China's participation in future nuclear disarmament negotiations is unlikely to follow previous models. China will call for a more comprehensive arrangement that deals with the implications of advanced conventional systems for strategic stability and nuclear security.

The Nuclear Taboo as the Cornerstone of a New Nuclear Security Framework

China's nuclear philosophy is different from that of other major nuclear-weapon states.⁸ It is partly this ideational element that explains why China has developed a relatively small nuclear arsenal, even though the country has the resources to build a much larger nuclear force. China is simply more skeptical than other major nuclear states that nuclear weapons are of practical use on the battlefield. As a result, China attaches little importance to the tactical war-fighting capabilities of its nuclear weapons. Put differently, China is more receptive than other states to restrictions generated from a taboo against nuclear first strikes.⁹

China's appreciation of this taboo is historically consistent and has had significant implications for its understanding of external nuclear threats as well as its own nuclear strategy. China has long been skeptical that any state would ever launch a nuclear first strike against China. China is far more concerned about the possibility of a more conventional coercive behaviour from its nuclear adversaries, who might be emboldened by a perceived nuclear supremacy over China.¹⁰ This perspective is reflected in China's decision to keep China's nuclear forces at a level no greater than would be necessary to deliver a nuclear retaliation after absorbing a first strike. China itself has an unconditional No First Use (NFU) policy, which takes the option of nuclear first strike off the table.

China's security philosophy consists of two distinctive paradigms: the Confucian-Mencian paradigm—a perspective that stresses moral standards and views the world in terms of harmony over conflict—and the *parabellum* (*realpolitik*) paradigm.¹¹ China's appreciation of the nuclear taboo is a prominent reflection of the Confucian-Mencian tradition

within its strategic culture. This, however, does not necessarily mean that China's nuclear doctrine completely contradicts rational calculations of *realpolitik*. China's offering of its NFU commitment in the 1960s for example, was consistent with its confidence that China had the conventional military capability to absorb and defeat any conventional attack.¹² Such confidence was understandable in the 1960s and 1970s when the Chinese leadership was willing to sacrifice huge losses in terms of manpower and wealth to fight a protracted conventional war of attrition. Nowadays, as the economy becomes increasingly interconnected and interdependent with other parts of the world and the state's overall wealth accumulates, China may have become more conflict-averse. China has far more to lose today than in previous decades were it to be involved in a large-scale conventional military conflict. However, China still holds firmly to its unconditional NFU policy and continues to reject any shift in policy toward using nuclear weapons to deter conventional attack.¹³ Such consistence in policy clearly points to China's appreciation of the nuclear taboo and cannot be fully explained by purely *realpolitik* calculation.

As China will be a critical player in future global nuclear disarmament negotiations, the importance of the nuclear taboo must be taken more seriously than it was in past decades. China's appreciation of the taboo has been, and surely will continue to be, fundamental to China's nuclear thinking. Nuclear disarmament may gain momentum in the future as a result, posing an unprecedented challenge to the traditional *realpolitik* approach in considering disarmament.

A Shift of Focus to Nuclear Operations Policy

China's participation in nuclear disarmament negotiations may also drive a further shift of focus, from restricting nuclear development to regulating nuclear operation. Development and operation are both key elements of nuclear policy. Nuclear development refers to the qualitative and quantitative status of a country's nuclear forces, represented by the size and destructive power of a country's arsenal. Nuclear operation, on the other hand, concerns how nuclear forces are prepared for use, including elements such as nuclear signaling, targeting, alerting, launching, and patrolling. Traditional nuclear arms control agreements focus mainly on limiting development and attach little importance to regulating operations. The most important provisions of SALT, START, and SORT negotiations, for example, concern the establishment of numerical limits for nuclear weapons and delivery systems. Less attention is paid to forging regulatory agreements on the operation of nuclear forces.

China, however, attaches great significance to regulation of nuclear operations. From China's perspective, numerical reduction has positive implications for international security, but agreements on how nuclear weapons should be maintained and used are more fundamental to the pursuit of international trust. China's persistent advocacy for unconditional NFU policies, comprehensive negative security assurances, and the de-alerting of nuclear weapons are all indicative of the country's pursuit of nuclear operations regulation as a foundation and prerequisite for nuclear elimination.

For decades China has been seeking the universal adoption of NFU policy by all nuclear countries. Although such a policy was dismissed by the United States in the early 1990s, China's efforts have placed increasing pressure on other nuclear weapons states to at least debate and consider the significance of regulating nuclear operations. Russia agreed to conclude with China the Sino-Russian NFU and De-targeting Agreement in September 1994, and the United States also signed a non-targeting agreement with China in 1998. Throughout the process of conducting the 2010 US Nuclear Posture Review, NFU policy and negative security assurance received unprecedented attention and triggered heated domestic debate in the United States. It is not difficult to imagine that as China's influence on the direction of nuclear disarmament grows, negotiations on nuclear operation policies such as the NFU, negative security assurance, and de-alerting of nuclear weapons will rise up the agenda and receive more attention. The traditional approach of numerical reduction may be challenged by a more balanced view of disarmament that takes nuclear operations regulation into consideration.

Transparency and Confidence Building

Traditional nuclear arms control institutions call for greater transparency in nuclear development. These agreements indicate that revealing specific numbers of nuclear weapons and their physical capabilities is critical for mutual understanding and confidence building. China, on the other hand, emphasizes the importance of nuclear doctrinal and operational transparency. China has published a series of National Defense White Papers that discuss Chinese nuclear strategy, explain the operational procedures of the Second Artillery, and clarify the conditions under which China's nuclear forces are trained and might be used.¹⁴ Credible information about the development and operation of China's nuclear forces is also made available by state-run media.¹⁵

Two reasons explain China's distinctive approach on issues related to transparency. First, transparency on nuclear development is not advantageous to states with smaller nuclear arsenals. China's small nuclear arsenal dictates that its nuclear deterrence relies more on numerical and geographical ambiguity than that of the bigger nuclear powers.¹⁶ From the Chinese perspective, current verification mechanisms are over-intrusive and challenge a key principle of China's nuclear operation—"hide and then retaliate." For the same reason, China has been reluctant to reveal the size of its current weapon-grade uranium and plutonium stockpiles, fearing that such information will uncover key features of China's existing nuclear weapons and damage China's ability to deal with future challenges.¹⁷

Second, China believes that confidence building relies more on doctrinal transparency than numerical transparency. Chinese strategists see transparency over such doctrinal elements as an unconditional NFU commitment as an indication of a country's strategic objectives and political intentions. Doctrinal transparency is viewed as having direct and positive implications for promoting mutual understanding and trust, therefore laying the foundation for further nuclear disarmament. China's emphasis on doctrinal transparency may encourage the development of nuclear disarmament mechanisms that do not focus solely on numerical transparency, but comprehensively address doctrinal and numerical transparency in a more balanced manner.

The Chinese Approach to Counter-Proliferation

Non-proliferation is the second pillar of the NPT framework. As many scholars have pointed out, China's relationship with the nuclear non-proliferation regime has changed dramatically since the beginning of the nuclear era. This relationship has developed in three major phases. From 1964 to 1983 China was a vehement opponent of the non-proliferation regime. China did not feel that it shared a common identity with other nuclear-weapon states. Instead, it saw the Nuclear Non-Proliferation Treaty as discriminatory and supported the pursuit of nuclear weapons by other developing countries as a means to break the nuclear monopoly possessed by "imperialist countries." From 1983 to 1992, as China took steps to transform its centralized economy into a market-oriented one, China changed its position and began to participate in international non-proliferation institutions under certain conditions. Since 1992, China has fully accepted the norm of non-proliferation and has taken steps to bring its domestic legislation in line with international regulations.¹⁸

China has ratified most of the existing non-proliferation institutions and its non-proliferation records have improved significantly.¹⁹ Nonetheless, China's compliance and cooperation with non-proliferation institutions does not mean its approach towards non-proliferation is completely consistent with the existing framework. China has different views and priorities on issues related to non-proliferation, and such differences will continue to distinguish China from other countries. This inevitably will affect the future evolution of the global non-proliferation regime.

The Norm of Non-Discrimination

China's non-proliferation policy has been characterized by a combination of *realpolitik* pragmatism and Confucian-Mencian tradition.²⁰ Its signing of the NPT treaty reflected realist considerations, while its persistent criticism of the double standards embodied in the regime is indicative of the Confucian-Mencian tradition. China has long been critical of discriminatory arrangements within the NPT framework and has called for "a fairer and more just international non-proliferation regime, on the basis of universal participation."²¹

Within the broad framework of the non-proliferation of weapons of mass destruction, China is a member of the NPT, the Chemical Weapons Convention, the Biological and Toxin Weapons Convention, the Nuclear Suppliers Group (NSG), and the Zangger Committee. China has signed the Comprehensive Nuclear Test Ban Treaty (CTBT) and applied for membership of the Missile Technology Control Regime (MTCR).²² However, China is still outside of the Wassenaar Arrangement and Australia Group. The primary concern for China is that these latter sets of institutions have specific target countries in mind and employ double standards in their arrangements. The Australia Group, for example, is perceived to have the explicit objective of targeting Iran. It is similarly believed, that at the time of its establishment the Wassenaar Arrangement was focused on Iran, Iraq, Libya, and North Korea as primary targets.²³ A recent example of China's opposition against institutions targeted towards specific countries is China's decision to stay out of the Proliferation Security Initiative (PSI) announced by President Bush in 2003. PSI is viewed as specifically designed to contain Iran and North Korea, and China is not expected to join in the near future.

Having chosen to hold out, China has considerably affected the overall efficacy of these regimes. PSI, for example, cannot fully deal with all suspected flights and ships that go into or out of North Korea or Iran without China's assistance. As China is becoming an increasingly important player in international trade and transshipment, China's role

in multilateral counter-proliferation efforts is growing correspondingly. In order to maintain optimal efficacy in these circumstances, the non-proliferation regime may need to be adjusted in order to address China's concerns.

From a Coercive to Persuasive Non-Proliferation Framework

Another distinguishing feature of China's approach to non-proliferation concerns treaty enforcement. One potential drawback of the NPT is that it provides no formal mechanisms to ensure obligations are met and non-compliance is punished. The non-proliferation regime largely relies on its member states to take voluntary action against non-compliance. The traditional method used by Western countries to deal with NPT violators is to employ coercive measures. In several instances, preventive military strikes have been planned, or used, to destroy nuclear facilities under construction by states in violation of their NPT commitments. In cases where the chances of successful military action were slim, other coercive measures such as trade embargoes and economic sanctions have been used to pressure a purported proliferator into dismantling its nuclear weapon program. In dealing with the two present nuclear crises involving Iran and North Korea, economic sanctions have so far been the primary measure employed.

China, however, takes a different view of economic sanctions. China is reluctant to join the West in imposing comprehensive economic sanctions on either Iran or North Korea. This resistance has been widely interpreted as a reflection of China's energy and other geostrategic interests in the Middle East and Northeast Asia.²⁴ While it is true that China wants to maintain its influence in these regions, it is also important that China's perspective on the efficacy of economic sanctions is not ignored. In general, China tends to stress that sanctions are unhelpful in resolving nuclear crises and therefore should not be frequently employed.²⁵ Western policymakers generally dismiss such arguments as convenient excuses. A more careful examination, however, reveals that China's view of economic sanctions differs markedly from the traditional Western perspective.

Since the foundation of the People's Republic of China more than sixty years ago, China has initiated unilateral economic sanctions only very rarely. Table 1 provides a summary of the circumstances in which China imposed sanctions. Examining the four cases, it is notable that China's sanctions against Albania took the form of aid termination, which had the objective of reducing China's external economic burden and facilitating Chinese economic reform.²⁶ In addition, China did not

follow through on its threat to impose sanctions on American arms companies after the United States made an arms sale to Taiwan in 2010. It is also debatable whether China actually carried out any substantive economic sanctions against French companies in 2009, although it was said to have made such threats. In short, China has rarely used unilateral economic sanctions as a means to advance foreign policy objectives. In the very few cases when China has threatened to do so, it often chose not to actually implement sanctions in the end. This is true not only of the Maoist era (when China may not have had the capacity to impose economic sanctions) but also true of the post-Maoist era during which China has had the capacity to impose sanctions but still refrains from doing so. As China's economic interests become increasingly dependent on an open and stable global market, China has little reason to alter its approach to economic sanctions. In relation to multilateral economic sanctions, China seems to adopt a consistent position. Although China does not often take bold steps to block multilateral sanction initiatives, it is usually reluctant to support them. In most cases, foreign governments have had to apply diplomatic pressure in order for China to cooperate in the implementation of economic sanctions.²⁷

Table 1. Summary of China's Unilateral Economic Sanctions

Target	Time	Objective	Sanction Details
Vietnam	1978–88	Economic punishment in the context of political and military confrontation	Aid cut-off
Albania	1978–83	Reduce China's economic burden	Aid cut-off
France	2008–9	Elicit political compromise	Delaying trade negotiations in certain areas
United States	2010	Protest against US arms sales to Taiwan	Threatening to impose sanctions on US arms companies

China's skepticism about using coercive measures such as comprehensive economic sanctions for the purpose of compliance enforcement may have historical roots in its own experience of undergoing sanctions. From the start of the Cold War, China was subject to a series of serious trade embargos and economic sanctions. The most significant of these measures were imposed by the United States and its Western allies during the 1950s and 1960s, and by the Soviet Union during the 1960s and

1970s. None of these sanctions achieved their original objectives. China managed to limit the negative effects of the sanctions on its economy and successfully develop its own nuclear arsenal. Such experience leaves the Chinese less impressed by the efficacy of coercive sanctions than most Western countries who themselves have rarely been targets of comprehensive sanctions.

As noted previously, China's reluctance to use comprehensive sanctions to serve counter-proliferation purposes is well demonstrated by its policies during Iranian and North Korean nuclear crises. Even under tremendous pressure, China has strongly resisted imposing comprehensive economic sanctions against Iran or North Korea. Even when outraged by North Korea's provocative nuclear tests, China has still refused to employ comprehensive sanctions. Instead, China has offered North Korea resources to assist it in developing a more open and market-oriented economy. In early 2010, for instance, China revealed a plan to invest \$10 billion in North Korea rather than impose sanctions.²⁸ In the Iranian case, China's unwillingness to support international sanctions has delayed significantly their implementation. Even though China ultimately chose not to block United Nations resolutions imposing sanctions on Iran, China's policies minimized the scale and scope of the sanctions.

Therefore, China's approach to compliance and enforcement within the non-proliferation framework is fundamentally different from the traditional Western approach. China dismisses the efficacy of coercive measures because of its own experience resisting sanctions. As an alternative, China tends to offer resources and economic assistance as a means to eliciting compliance. It favours a persuasive approach in dealing with proliferators or potential proliferators, and calls for confidence-building measures that can address the root causes of dispute.²⁹ Whilst many Western countries do not have a trading relationship with North Korea and Iran, China possesses an economic and political influence in both countries. Without China's participation, any multilateral economic sanctions against these countries will probably bear less than satisfactory results. China's strong opposition to coercive measures in favour of persuasion may in future affect the relative importance of these two opposite approaches to regime enforcement.

Peaceful Use of Nuclear Technology

Peaceful use of nuclear technology is the third pillar of the global nuclear non-proliferation regime. China will have increasing influence in this area, not only because China is a strong supporter of the right to

peaceful use of nuclear technology, but also because China is becoming a leader in the development of nuclear energy.

China and a Global Nuclear Renaissance

China has contributed to the worldwide revival of nuclear energy. During the 1990s, when the global nuclear industry floundered due to serious concerns over safety and security, China saw the potential for nuclear energy and began to implement a long-term nuclear energy strategy. Today, China has 12 nuclear power reactors in operation, 24 under construction, and plans for more. Among these nuclear plants are some of the world's most advanced nuclear reactors.³⁰ By comparison, most of the traditional nuclear powers built few or no new nuclear plants during the same period.³¹ China's nuclear industry hosts a relatively rich pool of human resources that will continue to support and promote the rapid expansion of nuclear energy. It is reasonable to predict that China will play an increasingly important role in driving technological advances in nuclear energy over the decades to come.

China's nuclear expansion is bound to impact the international nuclear fuels market. China's limited domestic supply of uranium compels it to look abroad in order to satisfy a growing demand for nuclear fuel. The current Chinese plan is to increase the ratio of foreign versus domestic uranium, buying foreign uranium supplies as well as participating in cooperative mining ventures with foreign partners.³² China also plans to create a strategic uranium reserve in order to deal with future market uncertainty.³³ Thus, it is likely that the global uranium market will become increasingly competitive. As with oil and natural gas markets, increased competition over uranium may stimulate international political tension.

One of the most discussed issues in relation to the peaceful use of nuclear technology is the establishment of a global nuclear fuel supply mechanism. China is sure to become an important player in negotiating and implementing such a system. In fact, China has been preparing to play a key role. China has built a wide range of research, development, and manufacturing facilities, and is rapidly becoming self-sufficient in areas of reactor design and operation of the nuclear fuel cycle. In particular, China attaches great significance to its capacity for nuclear fuel manufacturing.³⁴ It is a capability that provides China with a substantial advantage in participating in the design of an international nuclear fuel supply mechanism.

Last but not least, China's pursuit of a closed nuclear fuel cycle will have a considerable impact on nuclear energy development. Worldwide debates about the trade-offs of adopting a closed fuel cycle have been continuing for decades. Many countries are skeptical about the long-term feasibility of this approach. The primary concern is that a closed fuel cycle requires reprocessing spent fuel, producing plutonium, and increasing the risk of nuclear proliferation. The United States, for example, has been a prominent opponent of the closed fuel cycle. The United States has banned industrial reprocessing and committed itself to an open-ended fuel cycle approach. Nonetheless, US influence on the fuel cycle debate has decreased over time, reflecting the stagnation of the US nuclear industry over the last thirty years. Emerging nuclear countries such as Japan, South Korea, and China, are taking the lead on nuclear energy technologies and have more practical influence on the path of future development.

China has decided to pursue a closed fuel cycle as a long-term objective. It is making efforts to prepare for the transition from thermal reactors to fast breeder reactors.³⁵ Considering its increasing number of nuclear plants, China's decision to pursue a closed fuel cycle constitutes a serious blow to the approach's opponents. As a result, prohibiting or limiting global plutonium reprocessing may become far more difficult to achieve. Scholars and decision makers may need to consider how to reduce the risk of proliferation during an era in which reprocessing and recycling becomes a mainstream approach.

Conclusion

China's growing influence in the nuclear regime is clear. The country is poised to have a significant impact on the evolution of all three pillars of the NPT framework. China is also pressuring the current nuclear regime, hoping to transform compliance enforcement from coercive to persuasive measures. In relation to the peaceful use of nuclear technology, China's expanding nuclear industry is leading a new wave revival of global nuclear energy. Its decision to adopt a closed fuel cycle approach, however, will produce demands for alternative mechanisms aiming to reduce the risk of proliferation. In this area of global nuclear politics as in the others discussed, China looks set to push for a transformation of specific structures and mechanisms within the existing nuclear regime. Governments and intergovernmental organizations should aim

to broaden channels of communication with China in order to ensure that China's emerging nuclear policies serve a common interest in the furtherance of global nuclear institutions.■

Notes

¹ The author would like to thank the editors of *St Antony's International Review* and two anonymous reviewers for their very valuable and helpful comments.

² Four prominent former American lawmakers and senior government officials, George Schultz, William Perry, Henry Kissinger, and Sam Nunn, co-authored a series of *The Wall Street Journal* op-eds and called for a world free of nuclear weapons. See, for example, George Schultz, George, William Perry, Henry Kissinger, and Sam Nunn, "A World Free of Nuclear Weapons," *The Wall Street Journal*, January 4, 2007; and George Schultz, William Perry, Henry Kissinger, and Sam Nunn, "Toward a Nuclear Weapon Free World," *The Wall Street Journal*, January 14, 2008.

³ See Shannon N.Kile, "Making a New Start in Russian—US Nuclear Arms Control," Newsletter Essay, Stockholm International Peace Research Institute, March 10, 2010, <http://www.sipri.org/media/newsletter/essay/march10> (accessed January 14, 2011).

⁴ This claim, however, may not necessarily stand up to careful scrutiny. See Jeffrey G. Lewis, "Chinese Nuclear Posture and Force Modernization," *The Nonproliferation Review* 16, no. 2 (2009): 197–209.

⁵ See William J. Perry, Brent Scowcroft, and Charles D. Ferguson, *U.S. Nuclear Weapons Policy*, Independent Task Force Report No. 62 (New York: Council on Foreign Relations, 2009).

⁶ For discussions on the size of China's nuclear arsenal, see Robert S. Norris and Hans M. Kristensen, "Chinese Nuclear Forces, 2008," *The Bulletin of the Atomic Scientists* 64, no. 3 (2008): 42–45.

⁷ See Riqiang Wu, "US and Japan Construct Three-Layer Defense to Undermine China's Nuclear Deterrent Capability," [美日联合构筑三层拦截网削弱中国核威慑能力] *Elite Reference* [青年参考], October 2009.

⁸ See Li Bin, "Understanding China's Nuclear Strategy," *World Economics and Politics* no. 9 (2006): 16–22.

⁹ The nuclear taboo generally refers to the norm that is derived from the discriminatively destructive nature of nuclear weapons and that prohibits the use of nuclear weapons. For an in-depth discussion of the nuclear taboo, see, for example: Nina Tannenwald, *The Nuclear Taboo: The United States and the Non-Use of Nuclear Weapons since 1945* (Cambridge: Cambridge University Press, 2007); and T. V. Paul, *The Traditions of Non-Use of Nuclear Weapons* (Stanford: Stanford University Press, 2009). For discussion on the relationship between nuclear taboo and China's nuclear strategy, see, for example, Riqiang Wu, "Just War, Nuclear Taboo and Nuclear-Weapon-Free World," [正义战争、核禁忌与无核武器世界] *World Economics and Politics* [世界经济与政治], no. 10 (2009): 51–58.

¹⁰ See Li, "Understanding," 19.

¹¹ See Jing-Dong Yuan, "Culture Matters: Chinese Approaches to Arms Control and Disarmament," in *Culture and Security: Multilateralism, Arms Control and Security Building*, ed. Keith R. Krause (Portland, OR: Frank Cass Publishers, 1999), 85–128.

¹² See Li, "Understanding," 20.

¹³ See Chinese Ministry of Defense, "China's National Defense White Paper, 2008," Beijing, 2009, <http://www.gov.cn/english/official/2009-01/20/content-1210227.htm> (accessed January 14, 2011).

¹⁴ The most recent National Defense White Paper was published in 2009, see *ibid*.

¹⁵ See *Xinhua News*, "Expert: China Is the Only Country That Has a No First Use Policy," April 15, 2010, <http://news.xinhuanet.com/mil/2010-04/15/content-13358573.htm> (accessed January 14, 2011).

¹⁶ Numerical ambiguity refers to the policy of concealing the specific number of one country's nuclear arsenal; whereas geographical ambiguity is about the act of concealing the specific locations of one country's deployed nuclear weapons.

¹⁷ See Bin Li, "Banning the Production of Fissile Materials for Nuclear Weapons: Country Perspectives on the Challenges to a Fissile Material (Cutoff) Treaty," *The International Panel on Fissile Materials, Companion Volume to Global Fissile Material Report 2008*, <http://www.fissilematerials.org/ipfm/site-down/gfmr08cv.pdf> (accessed January 14, 2011).

¹⁸ See Baogen Zhou, "China and Global Nuclear Non-proliferation Regime: A Constructivist Analysis," [中国与国际核不扩散机制的一种建构主义分析] *World Economics and Politics* [世界经济与政治], no. 2 (2003): 23–27.

¹⁹ See Gary K. Bertsch, "Challenge and Change in Chinese Export Controls and Industry Compliance," *China Currents* 7, no. 2 (2008): 2–6.

²⁰ See Yuan, "Culture Matters," 87.

²¹ Chinese Ministry of Defense, "China's National Defense White Paper," Beijing, 1998.

²² China has applied for membership of the MTCR, but has so far not been admitted.

²³ See Jun Wang, "An Analysis on the Change of China's Non-proliferation Policy after the End of the Cold War," [冷战后中国不扩散政策的转变及其原因分析] *Pacific Journal* [太平洋学报], no. 4 (2002): 61–71.

²⁴ See, for example, David Shambaugh, "China and the Korean Peninsula: Playing for the Long Term," *The Washington Quarterly* 26, no. 2 (2003): 43–56.

²⁵ See Chinese Ministry of Foreign Affairs, "Ministry of Foreign Affairs Spokesperson: Pressure and Sanctions Won't Help Achieve Non-Nuclearization of Korean Peninsula," <http://china.cnr.cn/jryw/200904/t20090409-505298400.html> (accessed January 14, 2011); and Chinese Ministry of Foreign Affairs, "Ministry of Foreign Affairs Spokesperson's Statement on Press Conference," <http://202.123.110.5/xwfb/2009-09/08/content-1412139.htm> (accessed January 14, 2011).

²⁶ See Yuhua Guo, "Sino-Albanian Relations: Close Allies That Ultimately Broke Up," [从亲密战友到彻底决裂的中阿关系] *Across Fine and Space* [纵横] 12, (2001): 17-23; and Hongqi Wang, "The Special Years of China-Albanian Relations That I Witnessed," [我亲历中阿关系的特殊岁月] *Chinese People* [中华儿女] 8, (2007): 91-95.

²⁷ See Mark Landler, "Despite Pressure, China Still Resists Iran Sanctions," *The New York Times*, February 25, 2010.

²⁸ See Jung Sung-ki, "China Plans \$10 Billion Investment in North Korea," *The Korea Times*, February 15, 2010.

²⁹ See Chinese Ministry of Foreign Affairs, "Ministry," <http://china.cnr.cn/jryw/200904/t20090409-505298400.html> (accessed January 14, 2011).

³⁰ See World Nuclear Association, "Nuclear Power in China," <http://www.world-nuclear.org/info/default.aspx?id=320&terms=Nuclear%20Power%20in%20China> (accessed January 14, 2011).

³¹ See World Nuclear Association, "Nuclear Power in China."

³² See Azhuo Yang, "Interview with Cppcc Member, Vice President and Chief Engineer of Nuclear Power Institute of China Beigde Chen: China's Nuclear Industry Cannot Encounter 'Food Shortage,'" [全国政协委员、中国核动力院副院长兼总工程师陈炳德:中国核电不能“缺粮”] *China Nuclear Industry* [中国核工业] no. 3 (2010): 16-17.

³³ See Bing Jiang, "Strategic Choice for China's Energy Security under New Situation," [新形势下保障我国能源安全的战略选择] *Bulletin of Chinese Academy of Sciences* [中国科学院院刊] 25, no. 2 (2010): 172-79.

³⁴ See Guanxing Li, "Status and Future of China's Front-End of Nuclear Fuel Cycle Industry," [我国核燃料循环前端产业的现状和展望] *China Nuclear Power* [中国核电] 3, no. 2 (2010): 102-7.

³⁵ See Yuan Pan, Ge Zhuang, Ming Zhang, Zhijiang Wang, Yonghua Ding, and Kexun Yu, "The Iter Program and Its Impact on China's Nuclear Energy Development," [国际热核实验反应堆计划及其对中国核能发展战略的影响] *Physics* [物理] 39, no. 6 (2010): 379-84.

China, India, and the “Whole Set-Up and Balance of the World”

79

SHASHANK JOSHI¹

ABSTRACT

This article is a first cut at exploring the connection between the bilateral Sino-Indian relationship and China's interaction with, and adaption to, global structures. It surveys Sino-Indian relations, documenting the reversal of the co-operative trend that had prevailed for three decades. It argues that the deterioration of relations, in the context of an unresolved territorial dispute and an intensifying classical security dilemma, raises the probability of armed conflict, a militarized dispute, or a crisis. It thereby risks undermining Beijing's hitherto successful grand strategy of reassurance. It further contends that Sino-Indian enmity, aside from complicating bilateral co-operation, also hinders the formation and sustenance of institutions and regimes.

Introduction

India's first prime minister, Jawaharlal Nehru, told his cabinet in the 1950s that “India and China at peace would make a vast difference to the whole set-up and balance of the world.”² At a time when the two states jointly comprised less than a tenth of the world economy, this was a claim of some audacity.³ Today, that figure has risen to a fifth. Moreover, Nehru's statement is overlaid with the bitter irony of an intervening war, in which India was handed a resounding defeat.⁴ The Sino-Indian relationship is more than just a quasi-microcosm of its more important Sino-American equivalent, as has been sometimes assumed. Nor is it only relevant to understanding occurrences on the long, largely Himalayan border that has separated the two since China annexed Tibet in 1950, and that now comprises the longest disputed border on earth. Previously, the ties between India and China have been analysed through these two dominant lenses—US foreign policy, and territory—without an understanding of how the bilateral relationship pertains to broader concerns. The argument below contends that global structures, and China's adaption to them, are conditioned in important ways by the process in which

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Beijing and New Delhi interact and how this is perceived by Asia and the world. In particular, it suggests that the emerging trend of an uneasy peace may presage a more awkward process of Chinese integration than would be the case had Sino-Indian relations been characterized by trust and amity instead.

Global structures can be understood in a number of ways. These include: “the rules and principles of international relations”;⁵ “principles, norms, rules, and procedures”;⁶ or a “logic of anarchy” and its organizational manifestations.⁷ These are all suitable definitions. Each of these has subtly different empirical referents. Nonetheless, they remain centred on one thing: the idea of international order, or what Nehru referred to as the “set-up and balance of the world.”⁸

Here, following Alastair Iain Johnston, I understand global structures to entail “extant institutions, norms, and power distributions.”⁹ (Throughout, it is important to hold in view the caveat that many of these definitions assume, rather expansively, that “there is an extant international community [or order] that is sufficiently well defined such that it is obvious who [and what] is and who [and what] is not part of it.”¹⁰) These three concepts require further definition. Institutions are “humanly devised constraints that shape human interactions.”¹¹ They are most commonly understood as formal organizations. Norms are “inter-subjective beliefs about the social and natural world that define actors, their situations, and the possibilities of action.”¹² Power distributions include the distribution of material power but also the configuration of ideas that imparts meaning to that material distribution.¹³

Sino-Indian bilateral relations have been explored in considerable detail over recent years, and the conflictual trends well documented. But fewer scholars and observers have explicitly related these to the wider phenomenon of, in cultural shorthand, “the rise of China.”¹⁴ Where the connection has been made, it frequently stresses the convergence of interest between rising powers. The *Economist* (in a largely perceptive article) concluded that, “on important international issues, notably climate-change policy and world trade, [Sino-Indian] alignment is already imposing.”¹⁵ This episodic co-operation is undoubtedly of great consequence for global structures—though not always in ways perceived as constructive by established powers, as Sino-Indian solidarity at the Copenhagen Summit of 2009 demonstrated. However, I contend that Sino-Indian enmity, rather than amity, is of equal significance to these three components of global structures—institutions, norms, and (interpretations of and reactions to) power distributions.

It is instructive to consider that a Sino-Indian crisis or armed conflict, however limited in scope, would inflict grave damage upon China’s

“de facto grand strategy [of seeking] to maintain the conditions conducive to China’s continued growth and to reduce the likelihood others would unite to oppose China.”¹⁶ This strategy has been pursued through the active reassurance of would-be balancers, such as Southeast Asian nations. The bilateral relationship is, therefore, germane to the interpretation of power distributions, or what the literature calls the balance of threat.¹⁷

The article proceeds in three parts. First, I briefly lay out the evolution and present state of Sino-Indian relations. I argue that a modest, but observable and important, rise in enmity has occurred over the recent period, reversing the secular trend that has prevailed since the 1980s. Second, I construct an argument that relates these bilateral dynamics to global structures. I focus both on the prospect of Sino-Indian conflict directly undercutting China’s grand strategy of reassurance by altering local and systemic perceptions of Chinese intentions, and also on the indirect effects this would have on China’s ability to shape the global structure in ways of its choosing. This is the primary focus of this paper. Third, I raise the question of whether bilateral enmity also makes it harder for the two states to co-operate in sustaining regimes and, more broadly, providing public goods.

Three Phases of Sino-Indian Relations

1947–1962

Sino-Indian relations have moved through three broad phases. The first period, after Indian independence and the Chinese revolution, saw Jawaharlal Nehru, India’s first prime minister, articulate a vision of two civilizations co-operating to end balance-of-power politics and assisting in the emancipation of other regions afflicted by colonialism.¹⁸ As late as 1959, Michael Brecher could note in his seminal biography of Nehru that “friendship with China has been an axiom of Indian foreign policy during the past decade.” Indeed, the prime minister “view[ed] the establishment of the Peking [*sic*] regime as the culminating act in a century old process of revolution and as a manifestation of Asia’s political renaissance.”¹⁹ But intense border negotiations towards the end of the 1950s gave way to increasing recriminations and, in 1962, a short but serious border war.²⁰

The subsequent years were characterized, according to one account, by an “acutely strong sense of victimhood and its corollary, a sense of entitlement and recovery,” on the part of defeated India.²¹ The second phase of Sino-Indian relations stretched from 1962 until 1988, during which China abetted insurgencies on Indian soil and favoured Pakistan in episodes of conflict such as the 1965 Indo-Pakistan War.²²

1988–2010

In 1976, diplomatic relations cautiously resumed and Indian Foreign Minister Atal Behari Vajpayee (later prime minister) visited China in 1979. Eight rounds of talks took place from 1981–1988, and in 1988 Indian Prime Minister Rajiv Gandhi made a landmark trip to Beijing.²³ During this third phase, “official and elite Chinese discourse on the Sino-Indian boundary literally dried up [and] the accusations against Indian transgressions of Chinese sovereign boundaries that had been the main source of official claims on such lines through the mid-1980s ceased to appear in Beijing Review after 1988,” according to one careful study.²⁴ Key confidence building measures in 1993 and 1996 were regarded as “crowning achievements in the long process of normalizing bilateral relations between the two countries.”²⁵ These were followed by a landmark “Declaration on Principles for Relations and Comprehensive Cooperation” in 2003, and a further agreement in 2005.²⁶ This did not restore the *status quo ante bellum*, but it did constitute progress.

It has long been the case that

India’s contemporary China-watching continues to sustain two parallel discourses: one extreme sees China as incorrigibly aggressive and expansionist, and the other extreme perceives it as a benign neighbour, a sister ancient civilisation, more sinned against than sinning in modern times.²⁷

Yet despite the medium-term co-operative trend, the latter view has not won out. Sino-Indian antagonism has not only persisted but also, over the last five to ten years, escalated in important respects. Before India’s 1998 nuclear tests, India’s then Defense Minister, George Fernandes, labelled China “potential enemy number one.”²⁸ Justifying the tests to President Clinton, India’s then Prime Minister Atal Bihari Vajpayee wrote of “an overt nuclear weapon state on our borders, a state which committed armed aggression against India in 1962,” and one with

which “an atmosphere of distrust persists mainly due to the unresolved border problem.”²⁹ This provoked considerable anger in Beijing.³⁰

Vajpayee’s notional discretion in failing to name China only evidences the divergence between public and private norms of discourse in India, according to which “steady composure in New Delhi’s public statements about China [would be] coupled with lingering suspicion of Beijing in private.”³¹ In other words, this suspicion was common diplomatic knowledge. The alarmism peaked when Bharat Verma, editor of the reputable *Indian Defence Review*, forecast that “China will launch an attack on India before 2012 ... thereby ensuring Chinese supremacy in Asia in this century.”³²

The evolution of India’s nuclear arsenal in the decade after 1998 has also been focused on China rather than Pakistan. The intention was, and remains, to more robustly deter China’s numerically and qualitatively superior arsenal. This has included the development of a sea-based deterrent that overcomes many of the limitations of range and reliability that afflict the land- and air-based delivery systems (India still lacks delivery systems capable of reaching China’s eastern seaboard).³³

Equally importantly, after India commenced a historic rapprochement with Washington in 2005, exemplified by a civil nuclear co-operation agreement that came to fruition in 2010, China appeared to undertake a shift in policy (though establishing causality is far from simple).³⁴ Harsh Pant has written that “Sino-India frictions are *growing* and the potential for conflict remains high.”³⁵ Pant, echoing a widespread and long-standing Indian perception of containment, argued that “China has actively pursued policies to prevent the rise of other regional powers.”³⁶ In 2007, a joint naval exercise between India, Australia, the United States, and Japan further sharpened these Chinese fears.³⁷ Brahma Chellaney, a prominent Indian defence analyst, documented a “perceptible hardening of China’s stance towards India,” decried its “creeping propensity to flex its muscles,” and accused Beijing of renewing its Mao-era support for the various insurgencies flecked across India’s periphery.³⁸

These views are not confined to the academy and press. Vikram Sood, the former head of India’s foreign intelligence service, the Research and Analysis Wing (RAW), observed a “gradual and disturbing shift in the Chinese attitude towards India in the past few years.”³⁹ Bharat Karnad, an influential strategist and co-author of India’s first draft nuclear doctrine, judged India to be “involved in a subtle strategic tussle to thwart China’s plans to establish dominance in the extended region.”⁴⁰ In the seventh century, the Tang Dynasty monk and traveller Yi Jing asked, “[I]s there anyone in any part of India who does not admire China?”⁴¹ Today, the question could be answered with ease.

These tensions have two foci: territory and strategic competition.

Territory

First, and most important, is the unresolved territorial dispute. China proposed a swap of territorial claims (very roughly, Aksai Chin in the west, controlled by China after 1962, for what is now Arunachal Pradesh, entirely administered by India since 1951, in the east) in the negotiations from the late 1950s to 1962, and in the early 1980s.⁴² It repudiated this approach in 1985, perhaps as a result of India's insistence on pressing claims in each sector rather than treating a settlement as a joint package.⁴³ After 2006, China appeared to press its claim to the whole of Arunachal Pradesh through official rhetoric and, arguably, a rise in patrols or activity that was interpreted as such.⁴⁴ Since both the cartographic boundary and its actual demarcation on the ground remain in dispute, "transgressions" are frequently mutual misunderstandings and may reflect nothing more than the decades of border infrastructural upgrades undertaken by China on all of its frontiers over the last decade.⁴⁵

Nonetheless, whether signal or noise, these reports of increased perceived incursions coincided with China pressing its claim through other channels. Most notably, in April 2009 China attempted to block a substantial Asian Development Bank (ADB) loan, part of which was destined for projects in Arunachal Pradesh.⁴⁶ Later that year, Indian Prime Minister Manmohan Singh conducted election campaigning in the state, and the Dalai Lama visited its town of Tawang (to which he had fled in 1959). Both actions drew unusual condemnation from Beijing.⁴⁷

Strategic Competition

Second, overlaying and interacting with the territorial dispute, is the strategic dynamic.⁴⁸ This comprises both a military and diplomatic dimension. A range of actors in India are concerned that the general military modernization underway by the People's Liberation Army (PLA), and the series of diplomatic successes enjoyed by Beijing with states on India's periphery (including traditional protectorates), have furnished China with a range of coercive options. The effect is to reduce India's security and render Delhi unacceptably vulnerable to pressure and, *in extremis*, militarized conflict.⁴⁹

China's primary strategic concern has been to safeguard its perceived sovereignty, which entails the defence of Taiwan against possible American military intervention and the suppression of separatism in Tibet and elsewhere.⁵⁰ In the course of addressing this concern, Tibet's military infrastructure has undergone dramatic improvement such that Indian planners assume two Chinese divisions could be mobilized in 20, rather than 90–180 days as previously thought. China's two military regions bordering India comprise 400,000 troops (a fifth of the country's total).⁵¹ China's naval strength far outstrips that of India, and its anti-access force posture, intended to hobble the use of large surface ships such as aircraft carriers, indirectly aims at India's vulnerabilities.⁵² The military balance is not lopsided in the extreme, and there are reasons to assume a moderate defensive advantage, but perceived vulnerability has produced a conscious Indian response.⁵³

Of the diplomatic realm, John Garver writes with considerable understatement that, "Beijing and New Delhi are at odds about the political-military regime regulating the Himalayan massif."⁵⁴ China's longest and deepest relationship is with Pakistan, to which it has transferred arms, ballistic missile and nuclear warhead designs, weapons grade uranium, and advanced aircraft such as the J-10 fighter.⁵⁵ But China has also strengthened its ties to Nepal, Bangladesh, Bhutan, and Myanmar—all states to which India has had a hierarchical relationship and in which India has historically resisted the influence of extra-territorial powers.⁵⁶

China's diplomacy is explicable in terms of the pursuit of energy security, competition with American influence, observation of American naval activities, and the general desire to translate increased resources and stature into influence.⁵⁷ Yet the string of embryonic naval facilities, largely intended to protect China's crucial sea lines of communication, can be interpreted by India as malign in intent and effect.⁵⁸ As David Shambuagh writes in a study of Chinese military modernization, "since the late 1980s, China has been concerned that India not become the dominant power in South Asia or the Indian Ocean."⁵⁹ Harsh Pant likewise cites "a secret memorandum issued by the director of the General Logistic Department of the PLA," in which the latter supposedly maintained that "we can no longer accept the Indian Ocean as only an ocean of the Indians ... we are taking armed conflicts in the region into account."⁶⁰ This threat, alongside the proliferation of Sino-subcontinental bilateral ties, both necessarily reduce India's latent power position and stoke fears, however exaggerated or speculative, of gradual Chinese domination of the region. Many who discount the military value of several of these developments still acknowledge the consolidation of China's regional position.⁶¹

At root, each domain of Sino-Indian disagreement is a conflict over scarce resources, whether territory or influence. A heightened security dilemma, even an asymmetrical one, is likely to reduce both the level of resources that each state is willing to concede to the other and the risks each state is willing to undertake in the pursuit of a settlement.⁶²

Through each of these channels, the probability of bargaining failure, whether that bargaining is explicit (the border dispute) or implicit (naval competition), rises; thus so too does the probability of armed conflict.⁶³ That there exists a large volume of economic exchange, and that a range of actors on each side continues to hold status quo and risk-averse preferences, does not negate this logic. Nicholas Burns, a former American diplomat who negotiated the US-India nuclear agreement, has judged that the Sino-Indian relationship is “exceedingly troubled and perturbed,” and that it will remain “uneasy for many years to come.”⁶⁴ This is a succinct and logical conclusion.

Implications for Global Structures: Stability and Threat Perception

The regression in bilateral relations has a series of wider consequences.

Stability

First, the security of Asia has been central to what is understood as international security. Marc Trachtenberg has argued that, owing to the web of understandings that had formed with the Soviet Union by 1963, President John F. Kennedy had judged that “Europe was quite secure militarily now,” such that it lay “probably eighth on our list of dangers.”⁶⁵ It was East, Southeast, and South Asia where the fulcrum of the international system subsequently laid.⁶⁶ The international system’s centre has only shifted farther towards Asia in the decades since the rise in growth rates of, chronologically, the Asian Tigers, Japan, China, and India.⁶⁷ Moreover, “the [2007-2010] financial crisis [has] highlighted the reality of a new order in Asia and to some extent in the world,” with Beijing capable of implementing a massive fiscal and monetary stimulus, and insulated from the worst financial contagion.⁶⁸

Geographic areas deemed more central to major power interests are correspondingly more central to the security dimensions of global structures.⁶⁹ That being so, the backsliding in Sino-Indian relations, in an era where both are projected to be amongst the world’s three largest

Threat Perception

Second, a more interesting and less noted dynamic is the impact of Sino-Indian tensions on China's grand strategy of reassurance. China has grown thirteen times the size it was in 1978, when major economic reforms began.⁷⁰ Its share of world output has risen from two per cent in 1987 to ten per cent in 2010, and its share of world *growth* was over a fifth in the latter year, despite the collapse in world trade induced by the global financial crisis.⁷¹ And since 1990, rapid growth and the consolidation of central government control over tax revenues has enabled the PLA budget to rise in double-digit terms alongside a modernization of its equipment and doctrine.⁷² The 2010 report on China's military capabilities, legally required of the United States Department of Defense, noted that "current trends in China's military capabilities are a major factor in changing East Asian military balances, and could provide China with a force capable of conducting a range of military operations in Asia well beyond Taiwan."⁷³

Other states therefore face, according to Evelyn Goh, "the imperative to gauge Beijing's strategic intentions vis-à-vis the region and the world, in the short term as well as in the long run."⁷⁴ At one end of the spectrum, offensive realists such as John Mearsheimer argue that "if China continues its impressive economic growth over the next few decades, the US and China are likely to engage in an intense security competition with considerable potential for war. Most of China's neighbours—including India ... will join with the US to contain China's power."⁷⁵ Mearsheimer's pessimistic prediction assumes that the likelihood of a balancing coalition forming is unrelated to China's behaviour.⁷⁶ The underlying theory of conflict is highly simplistic, with power as the preeminent variable of interest. Susan Shirk distils the idea to its essence in arguing that "history teaches us that rising powers are likely to provoke war."⁷⁷

This, however, does not appear consonant with the evidence available from the years of China's increased (to be more precise, renewed) stature.

China's efforts to deemphasize its rising power, employ its force with caution, and lessen its assertiveness have dampened regional threat perceptions. In one extensive study, Goh makes the case that

a combination of astute Chinese diplomacy; a successful Southeast Asian regional security strategy; and the relative restraint exercised by China, the United States,

and other major regional powers, have produced a reasonably stable regional order underpinned by continued American preponderance, growing Chinese engagement, and medium-power political activism.⁷⁸

Importantly, and in contrast with predictions made over the past decade, “none of these Southeast Asian countries identifies China as a threat [and] all ascribe to a strategy of vigorous engagement and attempted socialization of the PRC,” even as they “reserve judgment on whether China is *ultimately* a benign or threatening rising power”.⁷⁹ Goh adds that, “in Southeast Asia, the China challenge has been transformed over the last 15 years from being an unpredictable and thus threatening disruption to the regional status quo, to being an important source of continued economic development.” Central to this shift has been “Beijing’s altered [i.e., post-1980s] approach to the region and its astute diplomacy, as well as the relative restraint exercised by China.”⁸⁰

This, indeed, has been China’s intention. It has long been the case that “Beijing wishes to ensure that Southeast Asia is not alienated to another power antagonistic to it [and so] during the mid-1990s [the] foreign policy establishment in Beijing concluded that these aims would best be achieved through positive diplomacy, that is, by first cultivating benign perceptions of the PRC in order to mediate Southeast Asian worries about the China threat.” Thus “Beijing’s current aim is to ‘desecuritize’ China’s rise in order to allay regional concerns.”⁸¹ This conclusion is a recurrent one in the scholarly literature on the region.

For instance, Alastair Iain Johnston notes that “from the mid-1960s to the mid-1990s, China moved from virtual isolation from international organizations to membership numbers approaching about 80 percent of the comparison states.”⁸² In a separate book-length study, Johnston has demonstrated that “Chinese leaders adopted more cooperative and potentially self-constraining commitments to security institutions between 1980 and 2000 (mainly in the 1990s).” This, he argues, was a process driven by “a constituency of protomultilateralists who internalized a view of security that placed less stress on unilateral security and more on cooperative security strategies.”⁸³ Avery Goldstein develops the reinforcing argument that, “by 1996, China apparently concluded that accepting the constraints that come with working in multilateral settings was preferable to the risk of isolation and encirclement and could help foster a reputation for responsible international behaviour.”⁸⁴ This restraint lent credibility to the declaratory strategy of “peaceful rise,” and its later incarnations such as “peaceful development.”⁸⁵ This declaratory strategy was itself part of a general posture of reassurance that, over time, has

been successful in fulfilling its purpose: averting a balancing coalition that would curb China's rapid economic growth.⁸⁶

The relevance of the Sino-Indian dyad is that the persistent antagonism, underpinned by a historically sensitive territorial dispute and a classical (if uneven) security dilemma, threatens to harm the credibility and effectiveness of China's reassurance strategy and, therefore, render regional and other threat perceptions of China less benign. Importantly, there is evidence that prior instances of perceived Chinese belligerence or aggressive signalling have affected such perceptions.

The 1995-6 Taiwan Straits Crisis, initiated by Chinese missile tests in and around the Taiwan Strait, provoked not only the most significant American military demonstration in Asia since the Second World War but also a rise in threat perceptions of China from third parties.⁸⁷ In 2007, China conducted an anti-satellite missile test that drew protest from Britain, Australia, Canada, Japan, Taiwan, India, South Korea, and the European Union.⁸⁸ It was argued that "while [the test] was a spectacular propaganda coup for the PLA, it simultaneously blew a hole through the Chinese government's assiduous efforts to package China's progress under the rubric of 'peaceful development.'" Moreover, if it is correct to assume that "one can probably infer from the test that the PLA has greater autonomy in decision making than was formerly believed," this signal of operative civil-military relations runs against the assurance of restraint central to China's strategy.⁸⁹ In 2010, China's designation of disputed islands in the South China Sea as a "core interest" raised fears that it would adjust its willingness to use force.⁹⁰ Later in the year, China rapidly and forcefully escalated a crisis with Tokyo when the latter detained the captain of a Chinese boat that had entered the waters of the disputed but Japanese-controlled Senkaku/Diaoyu islands. Japan's threat to prosecute the captain under Japanese law was perceived by China as a threat to its own claim to the territories, but the scale and sharpness of its response made waves across East Asia.⁹¹

Other states' inference of revisionist, assertive, expansive, or simply risk-acceptant preferences from Chinese behaviour is only one facet of this dynamic. Episodes such as the "stunning demonstration of anti-satellite (ASAT) capabilities"⁹² are widely seen as an intentional assertion of China's ability to strike at American vulnerabilities. They are not simply important because they cause transnational learning of the sort that undermines China's reassurance but also because they concurrently furnish domestic hardliners with resources to justify and persuade others of confrontational stances against China. Since domestic conditions mediate any security dilemma, whether that between India and China or between China and those with whom it faces island disputes. The signals

in the course of Sino-Indian interaction are germane to China's rise as a general phenomenon.⁹³

China's ability to adapt to and shape global structures is at least partly conditioned by its acceptance as a non-threatening power with which engagement is worthwhile in lieu of outright containment.⁹⁴ If the outstanding territorial dispute between India and China were to result in a major stand-off or armed clash in Aksai Chin, Arunachal Pradesh, or elsewhere; if a dispute over China's assistance to Pakistan or its influence in India's neighbours was to escalate to a militarized level (involving, say, partial mobilization or merely military enhanced readiness); if low-level and currently routine patrols were to produce skirmishes and so escape the confines of extant confidence building measures, then the ease of that acceptance, and the hitherto success of China's reassurance that its growth will coexist with peaceful interaction, would be at greater risk.

The potential for such inadvertent signalling is sharpened by the fact that India is a regional actor perceived as largely benign by the putative balancers.⁹⁵ In 1991, India launched a "Look East" policy whereby it intensified its engagement of Southeast Asia and ASEAN in economic and then security areas.⁹⁶ This also afforded ASEAN member states the opportunity to diversify their alliance portfolio, mitigating a reliance on China, Japan, or the United States. Goh argues that "the major South-east Asian states—Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Vietnam—acknowledge that they cannot avoid being part of the ambit of the big powers, but they share a desire not to fall within the exclusive sphere of one great power."⁹⁷ Sino-Indian antagonism ensures that such states will perceive India as naturally consonant with their own leanings, without being overly threatening by dint of distance, history, or capabilities. This is a judgment that enjoys pre-existing credibility because "India does not have a historical legacy of invasion or domination in the region."⁹⁸ As such, it is reasonable to suppose that it enjoys a greater degree of trust in general. The slowdown in Sino-Indian rapprochement therefore not only risks undermining China's reassurance strategy but also encouraging precisely the type of balancing coalition that China deems provocative.⁹⁹

This is a highly qualified conclusion. States will differ in how they interpret other states' actions. Learning processes differ considerably, and some will possess relatively *high* thresholds for revising their assessments of Chinese intentions.¹⁰⁰ Moreover, a fuller version of this argument would require assessing how other states have reacted to the escalation of tensions in the past, the conditions under which these states have reassessed China's preferences, and whether these prior patterns accord

with the circumstances posited here. This requires a wider study than that envisioned in this paper. Nonetheless, there is *prima facie* plausibility to the idea that images of China could be affected adversely by the perception that its willingness to employ force in the pursuit of its salient interests is higher than was previously thought.

Implications for Global Structures: Organizations, Regimes, and Co-operation

There are a number of other ways in which intensified Sino-Indian competition bears on “extant institutions, norms, and power distributions.”

Organizational Development

The first is the impact on organizational development. Whereas ASEAN has acquired considerable scope and depth in Southeast Asia, South Asia—understood here as India and its periphery, stretching as far as Afghanistan in the west to Myanmar in the east—is an institutionally thin region.¹⁰¹ The South Asian Association for Regional Cooperation (SAARC) has been a largely ineffective body. It is notable more for the meetings of Indian and Pakistani officials that take place on the sidelines of summits than either major co-operative initiatives or the imposition of costly restrictions on unilateral state action.¹⁰² Stephen P. Cohen observes that “almost all Indians, especially the realist-hawks, are wary of [SAARC], preferring to deal with neighbours on a bilateral basis.”¹⁰³ Moreover, “the smaller members are vulnerable to Indian pressure concerning the focus of SAARC initiatives.”¹⁰⁴ This perpetuates a basically hierarchical relationship wherein there is little scope for genuinely multilateral action of the sort that has taken place within ASEAN. Within ASEAN, this has taken place on the basis of “non-interference in the internal affairs of one another,” a core component of the “ASEAN Way.”¹⁰⁵ India has implicitly rejected any such formalized restriction on its behaviour. This is evident, for instance, from its highly interventionist conduct during the Nepalese peace process since 2006.¹⁰⁶

Not only is the attitude of India and China towards institutions divergent, but the two are also powers rising in the absence of mitigating or guiding institutions. The only overlapping institutions are those that are used instrumentally or notionally, such as the UN Security Council (Cohen notes that, for India, “the United Nations is seen as a dangerous place, where India runs the risk of having its Kashmir policies

come under critical scrutiny, and perhaps fresh UN resolutions, and even sanctions"¹⁰⁷) or those in which India and China play peripheral roles (such as ASEAN's Asian Regional Forum¹⁰⁸). Institutional change ordinarily occurs optimally *after* the resolution of conflict, rather than during its incidence. It also occurs optimally through the calculated actions of an effective hegemon, rather than purely horizontally between interested parties unable to enter into credible commitments and without complete information.¹⁰⁹ These two conditions are not fulfilled in the Sino-Indian case.

The relevant hegemon, the United States, possesses ever-decreasing leverage, at least in orthodox material terms; suffers from almost equally frayed relations with China; remains prepared to fight a major war with China over Taiwan; and controls a series of bilateral military alliances in Asia of the sort that China deems hostile to its own preferred regional order.¹¹⁰ China has been granted observership in SAARC but, notwithstanding that institution's ineffectiveness, its entry was opposed by India, as well as Nepal and Bhutan. India relaxed its opposition only when Japan was admitted as an observer and Afghanistan was granted membership. Similarly, China only agreed to India's observership at the Shanghai Cooperation Organization after Russia accorded the same right to Pakistan.¹¹¹

Prior to the first East Asian Summit in December 2005, there was extensive debate over the inclusion of India. According to the *People's Daily*, a Chinese Communist Party outlet, "ASEAN diplomats believe [that] Japan is trying to drag countries outside this region such as Australia and India into the community to serve as a counterbalance to China."¹¹² The truth, according to a detailed study of Southeast Asian perceptions of China, is that Singapore and Indonesia—in *addition* to Japan—had "lobbied successfully to include India ... thereby undermining its [i.e. the East Asian Summit] potential as the premier China-led regional institution."¹¹³ The regional institutions, which elsewhere in Asia have operated well, have not therefore provided fertile grounds for Sino-Indian co-operation. The aforementioned episode of China's attempted blocking of an ADB loan, part of which was destined for disputed territory, indicates the potentially harmful relationship between the bilateral rivalry and the efficient functioning of multilateral institutions.¹¹⁴

Theoretical work reinforces this conclusion. Social constructivist IR theory, and particularly the burgeoning literature on socialization in international institutions, suggests that bilateral agreements will be qualitatively less effective than their multilateral counterparts in promoting co-operative behaviour and norms.¹¹⁵ Thus, bilaterally grounded co-operative actions such as the agreement not to threaten or use force to

resolve the border dispute (codified in the 1993 China-India confidence building measures) are only superficially akin to, and in reality far less effective than, the processes operative in the *multilateral* environment of ASEAN and its affiliated organizations with which China has interacted and in which it has been partly socialized. The poor state of Sino-Indian relations reinforces this institutional poverty and encourages the two states to tread warily before entering into an institutional relationship that would entail bearing short-term costs or risks.¹¹⁶

Regimes

Organizations are not the only component of global structures. India and China have interacted in ways that also affect both regimes and global norms. At the 2009 Copenhagen Summit directed at climate change mitigation, India and China (along with Brazil and South Africa) co-operated to resist the imposition of a legally binding target for carbon dioxide emissions, on the basis that it threatened to limit their economic growth rates.¹¹⁷ This was despite domestic criticism in India that, as a relatively low per-capita emitter, it had supplied China with political cover for pursuing its own interests.¹¹⁸ In this case, Sino-Indian co-operation, which took place despite the range of disagreements documented above, was widely perceived as antithetical to an envisioned climate change regime with binding provisions.

In this issue area, there is no clear status quo. Existing poles of the international system hold a variety of positions, and the desired shape of a future regime is highly uncertain.¹¹⁹ Yet the convergence of a Sino-Indian position played a crucial role in the evolution of a regime whose effectiveness could bear significantly on global stability. In issue areas where the Sino-Indian position is divergent, such as the regime for nuclear non-proliferation, China has defended some elements of the regime, such as its opposition to granting India a waiver from Nuclear Suppliers Group restrictions on nuclear trade to NPT (Nuclear Non-Proliferation Treaty) non-signatories.¹²⁰ It has concurrently undermined other elements with precisely the same counter-Indian rationale, as in the case of China's ongoing nuclear assistance to Pakistan.¹²¹

The net effect of Sino-Indian competition on international regimes is ambiguous, and likely depends on the pattern of interests specific to the given issue area. Conflict and co-operation have coexisted in most issue areas. Chinese and Indian energy companies, including state-owned entities, have co-operated to develop oil fields. In 2005, the China National Petroleum Corporation jointly bid for a Syrian field with India's Oil and Natural Gas Corporation, after which a 2006 agreement set out plans to

continue such bidding.¹²² Co-ordination has also taken place for assets in Columbia, Iran, Sudan, and Syria.

But this sporadic harmonization of bids hardly amounts to a regime. Indeed, "in the energy sphere, China-India interaction has tended to be competitive rather than cooperative," with competition dominating in Kazakhstan, Ecuador, Angola, and Burma (with the value of the cooperative bids generally lower than those for which the two states or their companies have competed). Moreover, "in every case, China has prevailed, not necessarily by offering a higher bit than India but rather by adopting a more strategic and holistic approach that integrates financial incentives with aid, infrastructure projects, diplomatic incentives, and arms packages."¹²³ Even in the cases where cooperation has taken the form of joint ownership, India's share has been the smaller (except in the case of the aforementioned Syrian joint bid, where the Indian share has been equal).¹²⁴ As Sumit Ganguly succinctly concludes in a piece of Congressional testimony, "although some analysts in India's strategic community do harbor hopes of potential cooperation between India and China in their global quest for energy resources, these hopes represent the triumph of fond wishes over harsh realities. India is in a fundamentally competitive if not conflictual relationship with China."¹²⁵

Two important points emerge. First, the limited cooperation that has taken place has done so on a largely ad hoc basis. It has been unmediated and unassisted either by self-sustaining, multilateral, autonomous, influential or empowered institutions, or by transnational and non-political epistemic communities.¹²⁶ This underscores the "institution pessimism" laid out above.

Second, Sino-Indian competition has had secondary effects on less salient aspects of global structures. In Myanmar, India has long faced a "dilemma ... that its own morally gratifying record of supporting democratic governments [there] ... poses a threat to the present Burmese military regime" and therefore lessens India's influence with regard to interests that include access to energy.¹²⁷ Although India's policy had moved toward engagement by 1991, even a thirty per cent stake in Myanmar's Shwe gas field and the offer of soft loans did not change Myanmar's decision to sell that field's gas to China.¹²⁸ India's response has been to continue a dilution of the democratization component of its foreign policy.¹²⁹ Indo-Myanmar relations have been characterized by intensifying Indian efforts to engage the regime and fewer protests at the autocratic nature of the junta, to the displeasure of the United States.¹³⁰

In other words, India's attempt to compete with China for access to energy (and, we can suppose, influence over the government in Myanmar) has contributed to a corresponding weakness in the Indian commit-

ment to—arguably tenuous—global norms of democracy promotion.¹³¹ It is true, of course, that China would place a low value on adhering to such norms in the absence of intense competition; this has been the trend in its dealings with energy-rich African states, where competition with India is both less intense and occurs only in certain domains.¹³² Nor is it likely that more benign Sino-Indian relations, even in the event of a settlement of the border dispute, would suddenly produce a Sino-Indian effort to collaborate on democracy promotion.¹³³ But the intensification of competition does appear to have influenced India's shift towards an accommodationist policy. Competition has thereby affected the strength of the normative regime in the context of a state—Myanmar—perceived as a major violator of its precepts. The global normative structure in favour of such norms frequently relies on external pressure to compel greater regime legitimacy. A competitive Sino-Indian dynamic subverts that pressure.

Public Good Provision

This is a special case of a wider phenomenon. The global structure consists, in part, of public goods and the array of means for their provision (such as institutions, regimes, and expectations).¹³⁴ Maritime security suggests another example. Gurpreet Khurana argues that “if insecurities in the Southeast Asian waterways increase a few years from now, India and China could even request each other's help in escorting selected vessels carrying vital commodities; the Indian Navy in the Indian Ocean and Southeast Asian straits and the Chinese Navy in the East and South China Sea.”¹³⁵ A large majority of China's, and half of India's, oil imports pass through the Straits of Malacca, and concerns over the vulnerability of these sea-lanes drives much of the former's diplomacy.¹³⁶ Like the enforcement of democratic norms, the security of sea-lanes is understood to be a public good.¹³⁷

But China and India can hardly be expected to jointly patrol sea-lanes when the former's activities in that realm remain a source of fear for a non-trivial portion of India's strategic community, regardless of the possibility that Chinese intentions are not directed to this end.¹³⁸ India has historically displayed suspicion at what it saw as “extra-regional” navies, ineffectually demanding that they withdraw from her maritime backyard.¹³⁹ In the context of India's own Sino-centric naval modernization, the suggestion of a fully-fledged regime—“around which actor expectations [can] converge”¹⁴⁰—seems far-fetched.¹⁴¹ In this, as in so many other areas, institutionalized cooperation is at the mercy of a precarious bilateral dynamic.

This article has argued that the deterioration of Sino-Indian relations, alongside the baseline strategic mistrust between the two states, is of more than bilateral consequence. In at least two important respects, the antagonism between New Delhi and Beijing has an impact on global structures, understood here as “extant institutions, norms, and power distributions.”

First, the increased prospect of armed conflict that results from the interaction of a border dispute with a classical security dilemma risks inducing a crisis or militarized dispute. This, in turn, threatens to damage the basis of China’s successful strategy of reassurance. This would render more challenging the conditions under which China interacted with extant global structures, such as the Asian security community. Second, the mutual distrust between India and China hinders not just their cooperation within existing institutions, but also encumbers the formation of security institutions that can effectively mediate their rivalry and regional activities. More broadly, their competition may also be detrimental to the sustenance of international regimes, such as those governing the security of the maritime commons or democratic norms.

These mechanisms are not the only operative ones. China and India cooperate in a great number of areas, ranging from the rules governing world trade, climate change, and energy security. However, this cooperation is dampened by the concurrent security dilemma. Cooperation is sporadic and non-institutionalized, and less salient than the politico-military competition.■

Notes

¹ I am grateful to Hannah Cheetham and to an anonymous reviewer for comments.

² John W. Garver, *The Protracted Contest: Sino-Indian Rivalry in the Twentieth Century* (Seattle, WA: University of Washington Press, 2001), 48.

³ See Angus Maddison, *The World Economy: Historical Statistics* (Paris: Development Centre of the OECD, 2003), 641.

⁴ See Steven A. Hoffmann, *India and the China Crisis* (Berkeley, CA: University of California Press, 1990).

⁵ G. John Ikenberry, *After Victory: Institutions, Strategic Restraint, and the Rebuilding of Order After Major Wars* (Princeton, NJ: Princeton University Press, 2001), 3.

⁶ John Gerard Ruggie, "What Makes the World Hang Together? Neo-Utilitarianism and the Social Constructivist Challenge," *International Organization* 52, no. 4 (1998): 855–85, 63; see also Stephen D. Krasner, *International Regimes* (Ithaca, NY: Cornell University Press, 1983).

⁷ Alexander Wendt, *Social Theory of International Politics* (Cambridge: Cambridge University Press, 1999), 106, 146, 149, 308–9; and Hedley Bull, *The Anarchical Society* (Ithaca, NY: Columbia University Press, 2002), 1.

⁸ For useful surveys of the literature on international order, see John Lewis Gaddis, "The Long Peace: Elements of Stability in the Postwar International System," *International Security* 10, no. 4 (1986): 99–142; Jeffrey Legro, *Rethinking the World: Great Power Strategies and International Order* (Ithaca, NY: Cornell University Press, 2005); Charles Kupchan, Jason Davidson, and Mira Sucharov, *Power in Transition: The Peaceful Change of International Order* (Tokyo: United Nations University Press, 2001); Andreas Hasenclever, Peter Mayer, and Volker Rittberger, "Integrating Theories of International Regimes," *Review of International Studies* 26, no. 1 (2000): 3–33; Nicholas Greenwood Onuf, "International Legal Order as an Idea," *The American Journal of International Law* 73, no. 2 (1979): 244–66; and John Gerard Ruggie, *Winning the Peace: America and World Order in the New Era* (New York: Columbia University Press, 1996).

⁹ Alastair Iain Johnston, "Is China a Status Quo Power?," *International Security* 27, no. 4 (2003): 5–56, 6.

¹⁰ *Ibid.*, 8.

¹¹ Douglass Cecil North, *Institutions, Institutional Change and Economic Performance* (Cambridge: Cambridge University Press, 1990), 3; see also A. I. Johnston, "Treating International Institutions as Social Environments," *International Studies Quarterly* 45, no. 4 (2001): 487–515; Helen V. Milner, *Interests, Institutions, and Information: Domestic Politics and International Relations* (Princeton, NJ: Princeton University Press, 1997); James G. March and Johan P. Olsen, *Rediscovering Institutions: The Organizational Basis of Politics* (New York: Free Press, 1989); and Robert O. Keohane, "International Institutions: Two Approaches," *International Studies Quarterly* 32, no. 4 (1988): 379–96.

¹² Theo Farrell, "Constructivist Security Studies: Portrait of a Research Program," *International Studies Review* 4, no. 1 (2002): 49–72, 49; see also Sheri Berman, "Review: Ideas, Norms, and Culture in Political Analysis," *Comparative Politics* 33, no. 2 (2001): 231–50; Martha Finnemore and Kathryn Sikkink, "International Norm Dynamics and Political Change," *International Organization* 52, no. 4 (1998): 887–917; and Peter J. Katzenstein, *The Culture of National Security: Norms and Identity in World Politics* (New York: Columbia University Press, 1996), *passim*.

¹³ See Wendt, *Social Theory*, 5, 24, 41, 96, 138, 309–10, 371; William C. Wohlforth, “The Perception of Power: Russia in the Pre-1914 Balance,” *World Politics* 39, no. 3 (1987): 353–81; and Emerson M. S. Niou, Peter C. Ordeshook, and Gregory F. Rose, *The Balance of Power: Stability in International Systems* (Cambridge: Cambridge University Press, 1990).

¹⁴ For a representative selection, see Garver, *Protracted Contest*; John W. Garver, “Sino-Indian Security Relations,” in *The Routledge Handbook of Asian Security Studies*, eds. Sumit Ganguly, Andrew Scobell, and Joseph Chinyong Liow (London: Routledge, 2010), 126–39; Swaran Singh, “India-China Relations: Perception, Problems, Potential,” *South Asian Survey* 15, no. 1 (2008): 83–98; Jonathan Holslag, “The Persistent Military Security Dilemma between China and India,” *Journal of Strategic Studies* 32, no. 6 (2009): 811–40. On the rise of China as a topic of study, see Sheena Chestnut and Alastair Iain Johnston, “Is China Rising?,” in *Global Giants: Is China Changing the Rules of the Game?*, eds. Eva Paus, Jon W. Western, and Penelope B. Prime (New York: Palgrave Macmillan, 2009); Thomas J. Christensen, “Fostering Stability or Creating a Monster? The Rise of China and U.S. Policy toward East Asia,” *International Security* 31, no. 1 (2006): 81–126; David Shambaugh, “China Engages Asia: Reshaping the Regional Order,” *International Security* 29, no. 3 (2005): 64–99; and C. Fred Bergsten, Charles Freeman, Nicholas R. Lardy, and Derek J. Mitchell, *China’s Rise: Challenges and Opportunities* (Washington, DC: Peterson Institute for International Economics, 2008).

¹⁵ *The Economist*, “India and China: A Himalayan Rivalry,” August 19, 2010, <http://economist.com/node/16843717> (accessed January 14, 2011).

¹⁶ Avery Goldstein, “The Diplomatic Face of China’s Grand Strategy: A Rising Power’s Emerging Choice,” *The China Quarterly* 168, no. 1 (2001): 835–64, 838.

¹⁷ See Stephen M. Walt, *The Origins of Alliances* (Ithaca, NY: Cornell University Press, 1987), 5. The interpretation of power distributions might also be understood as part of the “distribution of ideas” discussed by Wendt, *Social Theory*, 7, 24, 41, 96, 138, 309–10, 371. The relationship between dyadic interaction and systemic change is central to Wendt’s idea of mutable logics of anarchy, *ibid.*, chapter 7.

¹⁸ See Ramachandra Guha, *India After Gandhi: The History of the World’s Largest Democracy* (New York: Ecco, 2007), 161–3, 307–17; and Neville Maxwell, *India’s China War* (London: Cape, 1970), 91–3.

¹⁹ Michael Brecher, *Nehru: a Political Biography* (London: Oxford University Press, 1959), 588–90.

²⁰ See Srinath Raghavan, *War and Peace in Modern India: A Strategic History of the Nehru Years* (New Delhi: Permanent Black, 2010), 7–8; Maxwell, *India’s China War*; Hoffmann, *India and the China Crisis*; D. K. Palit, *War in High Himalaya: The Indian Army in Crisis, 1962* (London: Hurst, 1991); Brij Mohan Kaul, *The Untold Story* (Bombay: Allied Publishers, 1967); and Chandar S. Sundaram and Daniel P. Marston, *A Military History of India and South Asia: From the East India Company to the Nuclear Era*

²¹ Manjari Chatterjee Miller, "Re-collecting Empire: 'Victimhood' and the 1962 Sino-Indian War," *Asian Security* 5, no. 3 (2009): 216–41, 216.

²² See Baldev Raj Nayar and T. V. Paul, *India in the World Order* (Cambridge: Cambridge University Press, 2003), 79–83; Garver, *Protracted Contest*, 94–6; Yaacov Vertzberger, *The Enduring Entente: Sino-Pakistani Relations, 1960–1980* (Washington, DC: Center for Strategic and International Studies, Georgetown University, 1983); and Mohan Malik, "The China Factor in the India-Pakistan Conflict," *Parameters* 33, no. 1 (2003): 35–51.

²³ See John W. Garver, "Sino-Indian Rapprochement and the Sino-Pakistan Entente," *Political Science Quarterly* 111, no. 2 (1996): 323–47.

²⁴ Allen Carlson, "Constructing the Dragon's Scales: China's Approach to Territorial Sovereignty and Border Relations in the 1980s and 1990s," *Journal of Contemporary China* 12, no. 37 (2003): 677–98, 690–1.

²⁵ Waheguru Pal Singh Sidhu and Jing-Dong Yuan, "Resolving the Sino-Indian Border Dispute: Building Confidence through Cooperative Monitoring," *Asian Survey* 41, no. 2 (2001): 351–76, 360.

²⁶ See Jonathan Holslag, "Progress, Perceptions and Peace in the Sino-Indian Relationship," *East Asia* 26, no. 1 (March 1, 2009): 41–56.

²⁷ Singh, "India-China Relations," 84.

²⁸ Quoted in Jing-Dong Yuan, "India's Rise After Pokhran II: Chinese Analyses and Assessments," *Asian Survey* 41, no. 6 (2001): 978–1001, 978.

²⁹ *The New York Times*, "Nuclear anxiety: Indian's Letter to Clinton On the Nuclear Testing," *The New York Times*, May 13, 1998, <http://www.nytimes.com/1998/05/13/world/nuclear-anxiety-indian-s-letter-to-clinton-on-the-nuclear-testing.html?pagewanted=1> (accessed January 15, 2011).

³⁰ See Yuan, "India's Rise."

³¹ Ashley J. Tellis, *India's Emerging Nuclear Posture: Between Recessed Deterrent and Ready Arsenal* (Santa Monica, CA: Rand, 2001), 71.

³² Bharat Verma, "Unmasking China," *Indian Defence Review*, September 4, 2009, <http://www.indiandefencereview.com/2009/08/unmasking-china.html> (accessed January 15, 2011).

³³ See Bharat Karnad, *India's Nuclear Policy* (Westport, CT: Praeger Security International, 2008), 89–90, 133–44; George Perkovich, *India's Nuclear Bomb* (Berkeley, CA: University of California Press, 2002), 12, 20, 39–41, 357–8, 398, 447; and

³⁴ See Harsh V. Pant, "Indian Foreign Policy and China," *Strategic Analysis* 30, no. 4 (2006): 760–80; Harsh Pant, "China tightens the screws on India," *Far Eastern Economic Review* 173, no. 7 (2009): 36–9; and Jonathan Holslag, *China and India: Prospects for Peace* (New York: Columbia University Press, 2010).

³⁵ Pant, "China tightens the screws on India," 37 (emphasis added).

³⁶ Pant, "Indian Foreign Policy and China," 762.

³⁷ See BBC, "New 'Strategic Partnership' against China," September 3, 2007, <http://news.bbc.co.uk/1/hi/world/south-asia/6968412.stm> (accessed January 15, 2011).

³⁸ Brahma Chellaney, "China 's Next India War: Growing Chinese Assertiveness against India," *Covert*, July 22, 2008, <http://chellaney.spaces.live.com/Blog/cns!4913C7C8A2EA4A30!648.entry> (accessed January 15, 2011).

³⁹ Vikram Sood, "Frozen Smiles, Limp Handshakes: The India-China Relationship," *Asian Age*, October 28, 2009, <http://soodvikram.blogspot.com/2009-10-28-archive.html> (accessed January 15, 2011).

⁴⁰ Karnad, *India's Nuclear Policy*, 108.

⁴¹ Amartya Sen, *The Argumentative Indian: Writings on Indian History, Culture, and Identity* (New York: Picador/Farrar, Straus and Giroux, 2006), 161.

⁴² See Sujit Dutta, "Revisiting China's Territorial Claims on Arunachal," *Strategic Analysis* 32, no. 4 (2008): 549–81, 549.

⁴³ See Derek Mitchell and Chietij Bajpae, "China and India," in *The China Balance Sheet in 2007 and Beyond*, ed. Center for Strategic and International Studies and the Peterson Institute for International Economics (Washington, DC: Center for Strategic and International Studies, 2007), 24–5.

⁴⁴ See Brahma Chellaney, "Sino-Indian Border Tensions: Let the Facts Speak for Themselves," *Daily News & Analysis (DNA)*, October 5, 2009, <http://chellaney.spaces.live.com/blog/cns!4913C7C8A2EA4A30!1114.entry> (accessed January 15, 2011); Edward Wong, "China and India Dispute Enclave on Edge of Tibet," *The New York Times*, September 4, 2009, <http://www.nytimes.com/2009/09/04/world/asia/04chinaindia.html?pagewanted=all> (accessed January 15, 2011); "Indian tanks move in Sikkim after Chinese activities," *India Today*, July 28, 2009; Mohan Malik, "Bordering on Danger: A Sino-Indian boundary dispute risks flaring up," *Wall Street Journal*, October 15, 2009, <http://online.wsj.com/article/SB10001424052748704107204574474433189540954.html> (accessed January 15, 2011); and Sudha Ramachandran, "China toys with India's border," *Asia Times Online*, June 27, 2008, <http://www.atimes.com/atimes/South-Asia/JF27Dfox1.html> (accessed January 15, 2011).

⁴⁵ See *Rediff News*, "Interview with M. Taylor Fravel, on China's Border Disputes," October 13, 2009, <http://news.rediff.com/slide-show/2009/oct/13/slide-show-1-china-has-settled-all-land-border-disputes-except-with-india-and-bhutan.htm#contentTop> (accessed January 15, 2011); Srinath Raghavan, "Chinese IncurSIONs a Matter of Perception," *Deccan Chronicle*, September 18, 2009, <http://www.deccanchronicle.com/dc-comment/chinese-incursions-matter-perception-173> (accessed January 15, 2011); *Rediff News*, "Chinese Troops have not Occupied Indian Territory, Says Army Chief," *Rediff News*, February 23, 2010, <http://news.rediff.com/interview/2010/feb/23/indian-territory-not-occupied-by-chinese-troops.htm> (accessed January 15, 2011); and V. K. Singh, "Army Chief Stands Up for AFSPA," October 16, 2010, <http://www.tribuneindia.com/2010/20101017/main1.htm> (accessed January 15, 2011).

⁴⁶ See James Lamont, Raphael Minder, and Jamil Anderlini, "China Blocks ADB India Loan Plan," *Financial Times*, April 10, 2009, <http://www.ft.com/cms/s/0/033935c2-25e4-11de-be57-00144feabdc0.html> (accessed January 15, 2011).

⁴⁷ See Saurabh Joshi, "India to Double Troops in Arunachal," *StratPost*, June 8, 2009, <http://www.stratpost.com/india-to-double-troops-in-arunachal> (accessed January 15, 2011); Jeremy Page, "Tension Grows between China and India as Asia Slips into Cold War," *The Times*, November 12, 2009, <http://www.timesonline.co.uk/tol/news/world/asia/article6913250.ece> (accessed January 15, 2011); and Malik, "Bordering on Danger."

⁴⁸ See Ashley J. Tellis, "China and India in Asia," in *The India-China Relationship*, ed. Francine R. Frankel and Harry Harding (Ithaca, NY: Columbia University Press, 2004), 134–77.

⁴⁹ See *The Economist*, "Banyan: Chasing Ghosts," June 11, 2009, <http://www.economist.com/world/asia/displaystory.cfm?story-id=13825154> (accessed January 15, 2011); David Scott, "The Great Power 'Great Game' between India and China: 'The Logic of Geography,'" *Geopolitics* 13, no. 1 (2008): 1–26; Robert D. Kaplan, "Center Stage for the 21st Century: Power Plays in the Indian Ocean," *Foreign Affairs* 88, no. 2 (2009): 16–32; Vikas Bajaj, "India Worries as China Builds Ports in South Asia," *The New York Times*, February 16, 2010, <http://www.nytimes.com/2010/02/16/business/global/16port.html?scp=9&sq=India%20china%20border&st=cse> (accessed January 15, 2011).

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⁵¹ See Holslag, "Persistent Military Security Dilemma," 823.

⁵² See Shashank Joshi, "Insurgency at Sea: The Currency of Carriers," *Pragati*:

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⁵³ Holslag, "Persistent Military Security Dilemma"; Sankhya Krishnan, *India's Security Dilemma vis-à-vis China: A Case of Optimum or Sub-Optimum Restraint?* (Colombo: Regional Centre for Strategic Studies, 2009), 4; and Garver, "Sino-Indian Security Relations."

⁵⁴ Garver, *Protracted Contest*, 340.

⁵⁵ See Jamal Afridi, "China-Pakistan Relations," *Council on Foreign Relations*, August 20, 2009, <http://www.cfr.org/publication/10070> (accessed January 15, 2011); *Nuclear Threat Initiative*, "China's Nuclear Exports and Assistance to Pakistan," November 14, 2003, <http://www.nti.org/db/china/npakpos.htm> (accessed January 15, 2011); Vertzberger, *Enduring Entente*; and Malik, "China Factor."

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⁹⁵ See Mohan, *Crossing the Rubicon*, 211–3.

⁹⁶ See G. V. C. Naidu, "Whither the Look East Policy: India and Southeast Asia," *Strategic Analysis* 28, no. 2 (2004): 331–46, 331.

⁹⁷ Goh, "Southeast Asian Perspectives," 813.

⁹⁸ Ladwig, "Delhi's Pacific Ambition: Naval Power, 'Look East,' and India's Emerging Influence in the Asia-Pacific," 12. India has, of course, used expeditionary force in the Maldives and Sri Lanka, and has employed covert action to varying degrees in the erstwhile East Pakistan, West Pakistan, Tibet, Sri Lanka, and almost certainly elsewhere. See Prudence F. Bruns, "India's RAW and Pakistan's ISI: Implications of the Use of Proxy Armies in South Asia," (conference paper, South Asian Studies Association Conference, 2009); S. Mahmud Ali, *Cold War in the High Himalayas: The USA, China, and South Asia in the 1950s* (New York: St. Martin's Press, 1999); John Kenneth Knaus, "Official Policies and Covert Programs: The U.S. State Department, the CIA, and the Tibetan Resistance," *Journal of Cold War Studies* 5, no. 3 (2003): 54–79; Rohan Gunaratna, *Indian Intervention in Sri Lanka: The Role of India's Intelligence Agencies* (Colombo: South Asian Network on Conflict Research, 1993); Asoka Raina, *Inside RAW: The Story of India's Secret Service* (New Delhi: Vikas, 1981); and Jayshree Bajoria, "RAW: India's External Intelligence Agency," *Council on Foreign Relations*, November 7, 2008, <http://www.cfr.org/publication/17707/raw.html> (accessed January 15, 2011).

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¹⁰¹ See Amitav Acharya and Alastair Iain Johnston, *Crafting Cooperation: Regional International Institutions in Comparative Perspective* (Cambridge: Cambridge University Press, 2007), 32–82.

¹⁰² See Sikri, *Challenge and Strategy*, 25–9.

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¹⁰⁴ *Ibid.*, 209.

¹⁰⁵ Jose T. Almonte, "Ensuring security the 'ASEAN-way'," *Survival* 39, no. 4 (1997):

¹⁰⁶ See Devin T. Hagerty, “India’s Regional Security Doctrine,” *Asian Survey* 31, no. 4 (1991): 351–63; Ashok Kapur and A. Jeyaratnam Wilson, *Foreign Policies of India and Her Neighbours* (Houndmills, Basingstoke: Macmillan Press, 1996); Cohen, *India*, 232; and Jim Yardley, “China Intensifies Tug of War With India on Nepal,” *The New York Times*, February 18, 2010, <http://www.nytimes.com/2010/02/18/world/asia/18nepal.html?scp=1&sq=India%20China%20nepal&st=cse> (accessed January 15, 2011).

¹⁰⁷ Cohen, *India*, 57.

¹⁰⁸ See David Martin Jones and Michael L. R. Smith, “Making Process, Not Progress: ASEAN and the Evolving East Asian Regional Order,” *International Security* 32, no. 1 (2007): 148–84.

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¹¹² *People’s Daily*, “Asia Summit: In the Shadow of Sharp Divisions,” December 7, 2005, <http://english.people.com.cn/200512/07/eng20051207-226350.html> (accessed January 15, 2011).

¹¹³ Goh, “Southeast Asian Perspectives,” (emphasis added).

¹¹⁴ See Malik, “Bordering on Danger”; and Wong, “China and India Dispute Enclave on Edge of Tibet.”

¹¹⁵ See Johnston, *Social States*, xvi, 197–212; J. T. Checkel, “International Institutions and Socialization in Europe: Introduction and Framework,” *International Organization* 59, no. 4 (2005): 801–26; Johnston, “Treating International Institutions”; and John Gerard Ruggie, “Multilateralism: the Anatomy of an Institution,” *International*

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¹⁴⁰ Krasner, *International Regimes*, 183.

¹⁴¹ This does not preclude *ad hoc* co-operation, as in the domain of energy security.

China and the West: An Interview with Lord Patten

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JUSTIN HEMPSON-JONES AND LINDA VAN DER HORST

This is the transcript of an interview conducted by two STAIR co-editors with former governor of Hong Kong and European Commissioner, the Rt Hon the Lord Patten of Barnes, on 11th January 2011.

STAIR: What big changes have you seen over the past thirty years in the relationship between China and the European Union?

Lord Patten of Barnes (LP): The big changes have been shaped above all by three decades of double-digit growth annually in China, which has meant that the Chinese economy has doubled in size every seven or eight years. My first sight of China was in 1979 and I don't need to anecdotalize in order to underline the extent of the profound change that has taken place with China joining the world economy and becoming the principal manufacturing workshop of the world. That has clearly been the main ingredient of the change between China and Europe. China has properly taken advantage of the fact that Europe and America offer pretty open markets for Chinese exports.

I think there is another change I would mention, which is that China—certainly when I was a commissioner—took a rather more optimistic view of what would happen in Europe than the Europeans did. The development of a European Union matched China's view of a multipolar world without one superpower. I think China took more seriously than we did some of the rhetoric about creating a European bloc that could look both America and China in the eye.

STAIR: Why has this idea of European Union been taken so seriously in China?

(LP): Because it matched the view they had of the world with a fundamental shift in power away from the United States. But this has only happened to a limited extent in my judgment. So in the last few years, I think, China has fallen back to doing what it does so well, partly to Europe's assistance, which is to play one country off against another in exactly the same way that Russia does.

STAIR: What role do you think the European Union could play in trying to prevent a hegemonic struggle between the United States and China?

(LP): What role can the European Union play in anything, until it regains a certain self-confidence? Well, it should get its own act together and try to speak with one voice. It should explain to China that while China is hugely important and will be the largest economy in the world in the next twenty or thirty years, there is still only one world super-power and that is the United States. I think Europe should encourage China to behave with more relaxed, calm authority when dealing with the United States and not see it as the enemy, the "other."

I don't think that is how most of the United States sees China. There are some on the political right who rattle missiles and some on the left who rattle protectionism. But on the whole, you had a Bush administration that was very positive and constructive in its relations with China. You have an Obama administration that is trying to behave in the same way. I don't think there is going to be a "hegemonic struggle" because of the United States, unless it is pushed into a corner by the way China behaves with Taiwan or Japan or some of its neighbours.

STAIR: You were saying the eu needs to speak with one voice when it comes to China. How do you see that coming about?

(LP): Prayer. It is very difficult. There is a European economic dialogue with China, and every member state has its economic dialogue with China. There is an environmental dialogue with China, and I think there are six other climate change and environmental dialogues. If you are the head of the EU delegation in Beijing, you have no idea which EU ministers are in town at any one point.

I am not suggesting that countries should not have a bilateral relationship with China. But take a very simple prosaic issue: the European Chamber of Commerce in Beijing has a list as long as your arm of trade grievances, of intellectual property markets rigged against outsiders. You would think it very straightforward for every European foreign or trade minister who went to Beijing to talk about one of the things from that brief. They don't at all. They want to come back with a memorandum of understanding that says China is going to spend nineteen and sixpence on products from their own country.

Look at Li Keqiang's visit to London at the moment. The British government says, "We have signed £2.6bn worth of deals." So journalists say, "But there were a lot more signed with Germany and Spain." So the

spokesman for the Foreign Office or Number 10 says, "Li has seen six of our ministers and he only saw three in Spain and Germany, so we are establishing a much better long-term relationship with them [the Chinese]." I mean, it is childish, and I don't blame the Chinese for playing on these ridiculous competitive instincts. The Chinese do business the same way as everybody else.

There is some evidence by American academics that there is a slight impact for a time on your export performance if your head of government sees the Dalai Lama. But I am deeply suspicious of this. When I was having all my rows with China in Hong Kong, British exports to China doubled over what they had been in the previous five years. The Chinese buy the products they want at the best price they can get them for. Then they sign deals as though they are part of a reward for good behaviour.

I think not enough people know any Chinese history. I have just reviewed for the Financial Times a book by a professor from Bristol [Robert Bickers] called *The Scramble for China*. It is about how the imperial powers behaved appallingly in China in the nineteenth century. It is a period that produced most of the examples set out in China's national dictionary of humiliation. You learn a lot from reading Alan Peyrefitte's book *The Immobile Empire* on Macartney's expedition to China in 1793. I think the exchange between Macartney and the emperor is perfect as a backdrop to considering the way China behaves a lot of the time now.

For example, it is worth looking at the emperor's letter. The emperor in effect says, "We are very grateful to you for travelling all this way from your small country across the seas, and for doing obeisance," even though Macartney had refused to kowtow. "We send our greetings to your king, but please tell him we don't need him, we don't want anything you have got to offer us, so go home and don't trouble us again!" Even in the 1830s, 1840s, 1850s, when we were behaving appallingly and globalizing China by obliging them to buy opium so we could afford to buy their tea; when small British naval or military detachments were defeating the Chinese in engagements, even then the Chinese refused to admit that in negotiating with Britain, they were negotiating with an equal.

STAIR: How do you see an increasingly confident China dealing with the world over the next ten years?

(LP): I'm not sure the word is "confident" or "overconfident." I think that China through the 1980s and 1990s, and indeed, until quite recently, pursued a very smart policy that was more or less determined by

Deng Xiaoping: "Hide your brightness, bide your time," China's "peaceful rise." It avoided aggravating its neighbours or the other big powers. I think partly because of the Wall Street crash, partly because of the trouble that the United States and its allies have gotten into in Iraq and Afghanistan, and partly because it mistook President Obama's willingness to be as friendly as possible to China as a sign of weakness, China has overplayed its hand in a number of respects quite recently.

It may also be something to do with the next shift in leadership; I think myself that President Hu Jintao is a rather cautious, as well as an intelligent, man. It is rather surprising that on his watch we have lately seen so many manifestations of the sort of behaviour that has turned so many people off. The Chinese mishandled Obama, I think, when he visited China, and clearly at Copenhagen at the climate change summit. They have mishandled public diplomacy appallingly in relation to Liu Xiaobo [the 2010 Nobel Peace Prize Laureate]. They have worried their neighbours. When you have the Singaporeans like [academic and former senior diplomat] Kishore Mahbubani writing articles saying, "We still need the United States in Asia given the way China is behaving," you can't help but think that the Chinese haven't handled their neighbourhood very well. They have even chosen to pick a quarrel with the Vatican at the moment, which is also unnecessary. I'm not sure why this has happened, but it is different to the strategy they were pursuing previously.

There are some big tests for the Chinese ahead in the next few months. Above all, they really have to make a contribution to global governance that goes beyond simply pursuing what they think is in their own short-term interest. I'll give you one or two examples. First of all, there is a problem with global imbalances. It may well be the case that the arguments about the renminbi are exaggerated; that if you look at the real exchange rate of the yuan taking into account of rising labour costs, the gap between the yuan and the dollar isn't as great as people suggest. But that there is an imbalance problem is clear and unless it is addressed, which involves changing behaviour in China as well as in the United States, I think it is a pound to a penny that you will see growing protectionism. It is important that President Hu in his January 2011 visit to Washington meets some of the criticisms of China's own protectionist policies.

Secondly, I think China has behaved foolishly over North Korea. We all know that North Korea's delinquent behaviour can't be blamed on China. But the Chinese seem to me to have undermined their own credibility by declining to distance themselves from North Korean behaviour both over the sinking of the ship and also the bombardment of the South

Korean island [in March 2010, and November 2010]. Above all I think the Chinese have to make it clear that they understand the dangers of nuclear proliferation not just in North Korea but over Iran as well. If they are going to be a big player and a contributor to global stability and prosperity, then there are certain obligations on them. One of those obligations is to recognize that nuclear proliferation is as much a threat to them as to the region and globally.

And there is another example of Chinese behaviour that is not very well advised, a point I have been making for some time but is now played out in front of us. The Chinese get about ten per cent of their oil from Sudan and have been wholly identified in Sudanese eyes with Khartoum and the government in the North, knowing presumably that eighty per cent of the oil is in the South and that the South has just held a referendum—one which I am sure will lead to its independence. Unless conflict prevention works better than it has in the past, it is conceivable that there will be more conflict in the Sudan in the future. Now that is China's "Go Out" policy [China's policy to encourage enterprises to go overseas], you don't bother about governance, you just go for commodities—except you can't if you are a big player. So I hope that they operate with rather more sophistication. The trouble is that Chinese foreign policy is not in the hands of the foreign ministry but in the hands of different economic power groups within the Politburo.

STAIR: You also stated that you think that China, as it rises, may offer a "a half-hearted attempt to challenge the model of liberal and democratic capitalism that America and Europe have pioneered"—can you explain what form this challenge may take?

(LP): At the moment, it is principally a challenge in two respects. First of all, it is a challenge when the West continues to behave as if that there has been no shift in the world, that it can still dominate the international agenda in the way it did for forty or fifty years after the Second World War. When we behave with that sort of arrogance, we make Mr Mahbubani's case for him and the case of other, as it were, Asian supremacists [the charge that Western values on human rights are not, and should not be, universal values]. Second, I think it is not helpful when we behave as though we have a monopoly of virtue when it comes to issues like supporting good governance.

But the Chinese "model" is principally one which appeals to countries that are authoritarian, particularly those with the nastier sort of despotic government, and governments that resent any managed infringement of their national sovereignty—that is, governments that refuse that

the rest of the world has an interest in how they treat their own citizens. I don't think the model that China offers of "authoritarianism and no-questions-asked commerce" is anything grander than an effort to secure China's interest month by month, year by year. I don't think it is the way ahead for Africa or a beacon for Latin America. The challenge tends to be, "We are not the West, the West is domineering and imperialist."

When I was in China three years ago, it coincided with the China–Africa summit and I remember reading reports in the paper about what was going on. And one minister, I think from Sierra Leone, was saying it was wonderful to do business with the Chinese as they just agreed to build a stadium and road in Sierra Leone and nobody was asking them to do an environmental impact assessment first. Well that is how we used to behave. But it is not a new vision for the world.

STAIR: Would you say, as one of our authors argues, that China's rise presents a non-ideological challenge?

(LP): I was asked this question a few years ago regarding the first of three speeches I was asked to do at the Central Party School [of the Chinese Communist Party]. I was still a commissioner. I said to the school, "What do you want me to talk about?" There were a whole lot of telegrams back and forth with Brussels. Eventually, the director of the school came into my office and said, "We would like you to speak about politics in a post-ideological age." Firstly, I said, there is someone in Britain who does that much better than me: Peter Mandelson. You should ask him to come and do it. Secondly, I don't think I am living in a post-ideological age. I believe very strongly in liberal democracy and liberal values.

But I certainly agree that there is no longer an East–West, communist–capitalist split. How do you define the model in China? From 1997 and over the following decade, pay as a proportion of national income fell from fifty-three per cent to forty per cent. So while the economy was storming ahead, what workers were getting out of it was falling as a proportion of the whole. That was one of the reasons for the relatively low levels of Chinese consumption, one of the reasons for the pay explosion now. It is a rotten description of communism— whatever else it is. When I was speaking at the Shanghai Academy of Social Sciences last September, I was really struck by the openness with which I was asked about social inequality.

It is curious to have to pretend you have some new ideology. I don't think there is this convincing model put forward with great self-confidence. What the Chinese have most obviously on their side is that for the

first time in two hundred years, they have delivered a feel-good factor. If I were Chinese looking back at the history of the last 200 years, I would think that was pretty good. At the same time, they have a spectacular security budget. Why, if things are going so well, do you need that sort of security apparatus? I think that is a really big sign of weakness. They have to focus on the nineteenth century and its horror stories because they can't say anything about what has happened since 1949. Look at this book *Tombstone* [by Yang Jisheng] that looks at the Great Famine of 1959–62. It has been banned in China. They can't examine Tiananmen either.

I want to have as good relationships with China as possible. I think that what China is doing is important to all our welfare. I think it is important that China continues to grow and prosper. I think it is patently going to be one of the main influences shaping the twenty-first century. But do I believe all the propaganda—whether it is the Goldman Sachs line going up the graph paper, or Chinese supremacism? No, I don't. China is like everywhere else, except bigger. But it won't be bigger for much longer, as India is going to overtake it.■

RICHARD NED LEBOW¹

ABSTRACT

Democracies are the most aggressive regime type measured in terms of war initiation. Since 1945, the United States has also been the world's most aggressive state by this measure. This finding prompts the question of whether the aggressiveness of democracies, and the United States in particular, is due to regime type or other factors. I make the case for the latter. My argument nevertheless has implications for the Democratic Peace thesis and the unfortunate tendency of some of its advocates to use its claims for policy guidance.

The Democratic Peace research programme is based on the putative empirical finding that democracies do not fight other democracies. It has generated a large literature around the validity of this finding and about the reasons why democracies do not initiate wars against democratic opponents. In this paper I do not engage these controversies directly, but rather look at the record of democracies as war initiators in the post-World War II period. They turn out to be the most aggressive regime type measured by war initiation. The United States, which claims to be the world's leading democracy, is also the world's most aggressive state by this measure. Below, I first document this set of claims using a data set that Benjamin Valentino and I constructed. Next, I speculate about some of the reasons that have made the United States such an aggressive state in the post-war era. In particular, I am interested in the extent to which this aggressiveness is due to democratic governance or other, more idiosyncratic factors. I am inclined to make the case for the latter. This argument has implications for the Democratic Peace thesis and the unfortunate tendency of some of its advocates to use its claims for policy guidance.

Democracy and War

When we examine the record of war initiation since 1945, democracies are among the countries that turned most often to their military instruments. Of thirty-one wars fought during this period, Israel was involved in six, the United States and China were each involved in five, Vietnam

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in four, and India and Pakistan in three each (see Table 1). The United States and Israel qualify as democracies. India and Pakistan arguably do so as well. At the very least they might be considered emerging or partial democracies. The United States and Israel are tied in war initiation. Israel initiated four wars and fought in two others (1948 and 1973), in which it was attacked by Arab coalitions. The United States initiated four of the six wars in which it fought.

These comparisons offer evidence that democracies are as likely to engage in war as any other regime.² With a conservative coding (that does not count Russia as a democracy), democracies initiated twelve of the thirty-one wars, and ten of those were begun by mature as opposed to developing or transitional democracies. When we take into account the fact that for most of these years democracies represented only about twenty-seven per cent of the world's states, they account for considerably more than their random share of wars.³ The United States, Israel, and India are the democracies most responsible for war initiation.

Israel is a special case. Only one of the states contiguous with Israel acknowledges its existence, and that recognition only came after four wars. Israel is surrounded either by hostile states or by territory inhabited by Palestinians. It was attacked in 1948, 1970 and 1973 by Egypt, or Egypt in coalition with other Arab states. Four of the wars initiated by Israel (1956, 1967, 1982, and 2008) were in response to Arab provocations. We can debate whether Israeli military action was ethical or effective, but it cannot be denied that the country faced, and continues to face, very real threats to its security, if not its survival.

India is a transitional democracy, and there is some evidence that states of this kind have been more war-prone than mature democracies.⁴ However, more relevant in the case of India is the pattern of violence associated with partitioned countries: multiple countries that came into existence with the break-up of colonial empires due to competing claims on all or part of the territory by different national groups. If this territory was not distributed among claimants by the former colonial powers or the United Nations, post-independence fighting usually resulted in division. India initiated four wars, and all but one of these were fought with its post-colonial rival, Pakistan.

The United States and War Initiation

The more meaningful peer group comparison for the United States is with the countries of Western Europe, Japan, the "Old Commonwealth" (Canada, Australia, and New Zealand), and certain Latin American

states. This is because these are all fellow democracies that—like the United States—are relatively well-established, relatively liberal, relatively wealthy (on a per capita income basis), and—unlike Israel and India—relatively geopolitically secure and relatively lacking in severe religious and ethnic tension. Here the United States is clearly an outlier, as only two of these countries initiated wars (France and Britain against Egypt in 1956). Britain was also a partner of the United States in the 1991 Gulf War and 2003 invasion of Iraq.

The United States differs from all these countries in several important ways. In *A Cultural Theory of International Relations*, I describe it as a “parvenu” power. These are states that are late entrants into the arena where they can compete for standing and do so with greater intensity than other states. Moreover, due to the ideational legacy left by their parvenu status, such states may continue to behave like this for a considerable time after achieving great power status. They devote a higher percentage of their national income to military forces and pursue more aggressive foreign policies. Examples include Sweden under Gustavus Adolphus, Prussia and Russia in the eighteenth centuries, and Japan and the United States in the late-nineteenth and twentieth centuries.⁵

Unlike other parvenu powers, the constraints on the United States were more internal than external. Congress, not other powers, kept American presidents from playing a more active role in European affairs in the 1920s and 1930s and forced a withdrawal from Indochina in the 1970s. The United States was never spurned or humiliated by other powers, but some American presidents and their advisors did feel humiliated by the constraints imposed upon them domestically. They frequently sought to commit the country to activist policies through membership in international institutions that involved long-term obligations (for example, the IMF and NATO), executive actions (for example, the 1940 destroyer deal, intervention in the Korean War, sending Marines to Lebanon in 1958), and congressional resolutions secured on the basis of false or misleading information (the Gulf of Tonkin and Iraq War resolutions). Ironically, concern for credibility promoted ill-considered and open-ended commitments like Vietnam and Iraq that later led to public opposition and the congressional constraints that subsequent American presidents considered detrimental to presidential credibility. Instead of prompting a reassessment of national security strategy, these setbacks appear to have strengthened the commitment of at least some presidents and their advisors to breaking free of these constraints and asserting leadership in the world, thus ushering in a new cycle of overextension, failure, and renewed constraints.

Table 1: Post-1945 Wars*

War name and participants	Dates	Initiator milit. victory?	Initiator war aims achieved?
India vs. Pakistan (First Kashmir War) Side A: India Side B: Pakistan	1947–49	No	No
war of Israeli Independence (Israel vs. Palestine/Arab coalition) Side A: Coalition: Egypt (A1), Iraq (A2), Jordan (A3), Syria (A4) Side B: Israel	1948–49	No	No
china–Tibet I Side A: China Side B: Tibet	1950	Yes	Yes
korean War Side A: Coalition: China (A1), North Korea (A2) Side B: USA	1949–53	No	No
russo-Hungarian War Side A: Hungary Side B: Russia (Soviet Union)	1956	Yes	Yes
sinai/Suez War Side A: Egypt Side B: Coalition: Israel (B1), France (B2), UK (B3)	1956	Yes	Yes
vietnam War Side A: North Vietnam Side B: USA	1959–75	No	No
indo-Chinese War Side A: China Side B: India	1962	Yes	Yes
second Kashmir War Side A: India Side B: Pakistan	1965	No	No
six Day War Side A: Coalition: Egypt (A1), Iraq (A2), Syria (A3) Side B: Israel	1967	No	No
uSA vs. Cambodia Side A: USA Side B: Cambodia	1971	No	No
Israel vs. Egypt (War of Attrition) Side A: Egypt Side B: Israel	1969–70	No	No
Football War (El Salvador vs. Honduras) Side A: El Salvador Side B: Honduras	1969	Yes	Yes
India vs. Pakistan (Bangladesh War) Side A: India Side B: Pakistan	1971	Yes	Yes

*Prepared by Benjamin Valentino and the author

Yom Kippur War Side A: Coalition: Egypt (A1), Syria (A2) Side B: Israel	1973	No	No
Cyprus War Side A: Greece Side B: Turkey	1974	Yes	Yes
Vietnamese-Cambodian War Side A: Cambodia Side B: Vietnam	1977–79	Yes	No
Ethiopia vs. Somalia (Ogaden War) Side A: Coalition: Cuba (A1), Ethiopia (A2) Side B: Somalia	1977–78	No	No
Ugandan-Tanzanian War Side A: Tanzania Side B: Uganda	1978–79	No	No
First Sino-Vietnamese Side A: China Side B: Vietnam	1979	No	No
Iran vs. Iraq Side A: Iran Side B: Iraq	1980–88	No	No
Falklands War (UK vs. Argentina) Side A: Argentina Side B: UK	1982	No	No
Israel–Syria (Lebanon War) Side A: Israel Side B: Syria	1982	No	No
Second Sino-Vietnamese War Side A: China Side B: Vietnam	1987	No	No
Iraq vs. Kuwait (Gulf War) Side A: Iraq Side B: Kuwait/USA	1990	No	No
Dem. Rep. of Congo vs. Rwanda/Uganda Side A: Democratic Republic of Congo Side B: Coalition: Rwanda (B1), Uganda (B2)	1998–2003	Yes	No
Ethiopia vs. Eritrea Side A: Eritrea Side B: Ethiopia	1998–2000	No	No
Afghanistan (Taliban) vs. USA (Northern Alliance) Side A: Afghanistan Side B: USA	2001	Yes	No
Anglo-American Invasion of Iraq Side A: Iraq Side B: USA/UK	2003	Yes	No
Russian incursion into Georgia Side A: Russia Side B: Georgia	2008	Yes	Yes

The United States is unique in other ways. It is by far and away the most powerful economy in the world. At the end of World War II it accounted for forty-six per cent of the world's gross domestic product (GDP) and today represents a still-impressive twenty-one per cent.⁶ Prodigious wealth allows the United States to spend an extraordinary percentage of its GDP on its armed forces in comparison to other countries. In the aftermath of the Cold War most countries cut back on military spending, but US spending has increased. In 2003 the United States spent \$417 billion on defence, forty-seven per cent of the world total.⁷ In 2008 it spent forty-one per cent of its national budget on the military and the cost of past wars, which accounted for almost fifty per cent of world defence spending. In absolute terms, this was twice the total of Japan, Russia, the United Kingdom, Germany, and China combined. Not surprisingly, the United States is the only state with global military reach.⁸ Democratic and Republican administrations alike have held that extraordinary levels of military expenditure will sustain, if not increase, the standing and influence that traditionally comes with military dominance. It is intended to make the United States, in the words of former Secretary of State Madeleine Albright, "the indispensable nation"—the only power capable of enforcing global order.⁹

An equally important point is that possession of such military instruments encourages policymakers to formulate maximalist objectives. Such goals are, by definition, more difficult to achieve by diplomacy, pushing the United States into "eyeball-to-eyeball" confrontations where the use of force becomes a possibility.

US defence expenditure also reflects the political power of the military-industrial complex. Defence spending has encouraged the dependence of numerous companies on the government and helped bring others into being. In 1991, at the end of the Cold War, twelve million people, roughly ten per cent of the US workforce, were directly or indirectly dependent upon defence dollars. The number has not changed significantly since. Having such a large impact on the economy gives defence contractors enormous political clout.¹⁰ Those who land major weapons projects are careful to sub-contract production across the country, often offering a part of the production process to companies in every state. This gives the contractors enormous political leverage in Congress, often enough to force reluctant administrations to buy weapons the military does not want.¹¹ Here too the United States is unique in today's world.

Congress and presidents have consistently defended military spending as essential to national security. They are witting participants in a vicious cycle. Propaganda, sponsored by think-tanks and so-called "patriotic organizations," many with funding from defence contractors, cre-

ates foreign enemies for the public and greatly exaggerates the threats they pose. This process began with the Soviet Union, shifted to China in the Cold War's aftermath, and is currently also focused on North Korea, Iran, and Islamic fundamentalism. Arms build-ups, forward deployments, bellicose rhetoric, and military and diplomatic support for countries more directly in the firing line exacerbate tensions with these "enemies," making depictions of their hostility self-fulfilling prophecies. In the Cold War, behaviour of this kind by both superpowers helped to provoke a series of war-threatening crises, culminating in the Cuban missile crisis.¹² In the post-Cold War period, the invasions of Afghanistan and Iraq have exacerbated tensions with the Islamic world, seemingly emboldened Iran and North Korea, and probably made the United States an even more likely target of terrorist attacks. They have certainly put American soldiers and civilians in harm's way throughout the Middle East. These conflicts not only make American fears self-fulfilling, but also provide justification for the kinds of arms build-ups and forward deployments that helped to bring the situation about in the first place. It is a well-known adage that people with hammers look for nails. With such a large and capable military, there is thus a continuing temptation to try to influence outcomes around the world and to rely heavily on military capabilities to do this. Military capability of this kind also encourages political leaders to formulate maximalist objectives, which increases the likelihood that they cannot be achieved by political means. In short, both directly and indirectly, America's comparative military advantage makes it more war-like.

In its peer group of democracies, the United States is the only country in which elements of an historical honour culture remain important. In Prussia and Wilhelmian Germany, the Junkers (east Elbian landed aristocracy) constituted a distinct class who justified their hold on power through their military service and bravery. Their class values and representatives shaped Prussian and German foreign and military policy and contributed significantly to the outbreak of World War I.¹³ The Junkers suffered heavy losses in World War I, although enough survived to provide proficient and compliant leadership of the Wehrmacht in Hitler's wars of aggression. Two world wars purged Germany and other European countries of such elites and thoroughly discredited their values. The Civil War of the 1860s did not do the same for the United States.¹⁴ The Southern honour culture continued to influence officers and enlisted personnel. They gradually came to dominate the American military and are still over-represented within it. Since the draft was abolished in 1973, the percentage of military enlistments from the South and West has risen. Between 1985 and 2001 the number of recruits from the South

increased from thirty-four to forty-two per cent. By contrast, the share of recruits from the northeast dropped from twenty-two per cent in 1977 to less than fourteen per cent in 2001. The regional distribution of newly commissioned officers is roughly similar: the South accounted for 42.5 per cent of new Army ROTC commissioned officers in 2006 and 36.7 per cent of West Point graduates in 2007.¹⁵ Southern influence in the military is growing, gradually creating an institution like the Prussian officer corps in the sense that the military is cut off from the rest of society by virtue of its very particular values. In Wilhelminian Germany, society grew closer to the military as the middle class imitated military values and practices. Many commentators have noted something similar in the United States, especially in the American South.

Fortunately, American officers differ from their Prussian counterparts in that they have only indirect input into the policymaking process. As Leslie Gelb and Richard Betts demonstrated, it is civilian officials, not the military, who generally push for the use of force, although the military prefers to use it on a more massive scale once a decision for war has been made. This finding held true in Iraq, where the military was appalled by the small size of the force Secretary of Defense Donald Rumsfeld wanted committed to the operation.¹⁶ However, like its Junker counterpart, the US military is on the whole a compliant tool of political authorities, demonstrating willingness for self-sacrifice and advocacy of even the most questionable military adventures. Only one general resigned his commission when the military was pushed into invading Iraq; the others bit the bullet and prepared to attack with forces they thought inadequate for the task.¹⁷

Equally striking is the willingness of the US military and military families to back wars like Afghanistan and Iraq despite the personal price they pay in fighting them. Public opinion polls consistently reveal that there is more support for ongoing wars and interventionist foreign policies within the military than among civilians, and among Southerners compared to people from other regions of the country.¹⁸ These groups are also much more likely to identify with the Republican Party, which is more likely than the Democrats to support interventions and has a higher tolerance for casualties. Pro-war attitudes also reflect the honour culture from which many professional soldiers come or into which they are socialized.¹⁹ This orientation makes it easier to sell wars to the public because the people who have to fight and die in them are the least likely to oppose them. It also makes it more difficult to oppose war because dissenters who have never served in the military must bear the onus of appearing unpatriotic.

The United States further differs from Europeans and Japanese in the strength of its religious faith. Gallup polls from 1947 to 1994 show that American belief “in God or a universal spirit” consistently hovers around the ninety-five per cent level, in contrast to about fifty per cent for Europeans and Japanese.²⁰ Gallup polls further reveal that between eighty-one and ninety-three per cent of Americans believe in heaven, although, interestingly, only fifty-four to eighty-five per cent of them believe in hell.²¹ Belief in a deity and in heaven is far more prevalent within the military than outside and within the South compared to the rest of the country.²² Both beliefs soften the consequences of death and make it arguably more acceptable, especially if a military casualty is understood as God’s will and family members hope, even expect, to be reunited in heaven with the departed loved one. The commitment to honour has the same effect by imparting important meaning to loss of life in combat and conferring status on their families within the community that shares these values.²³

These unusual features of American political, economic, and social culture combine to produce what might be called the perfect national security storm. Wealth provides the material capability for the United States to attempt to play a hegemonic role in the international system, while its parvenu status and military-industrial complex provide the means and public support for such a policy. Southern honour culture and the pervasiveness of religious belief ensure willing agents to execute wars and interventions and quietly accept the human cost they entail. It is not without reason that a significant percentage of the populations of other democracies consider the United States the greatest threat to peace.

Conclusion

The Democratic Peace research programme is based on the premise that democracies do not fight one another. This may be true, but it says nothing about the overall aggressiveness of democratic governments. The post-war era indicates that they are among the most aggressive regimes, measured in terms of their relative frequency of war initiation. Among democracies, the United States stands out as particularly aggressive, and I have offered some potential reasons for this phenomenon. As the United States is the most powerful nation in the world, it is not just a single case, but a nation with enormous potential to shape the pattern of international relations. For peace to prevail in the future, which American leaders constantly assert is their goal, they must begin by sheathing their own sword.

We must now ask to what extent the United States is aggressive for reasons that have to do with its democracy. I have argued that for Israel, another aggressive democracy, its democratic status is probably not the reason for its aggressiveness. Rather, Israeli aggressiveness derives from the country's origin as a partitioned country, surrounded by many potential enemies. Partitioned countries are often the products of former colonial empires and arise when the populations of those empires demand statehood over the same territory. Israel–Palestine, Ireland–Northern Ireland, Greeks and Turks on Cyprus, India–Pakistan, Armenia–Azerbaijan are cases in point and all have generated violent and generally ongoing conflicts. The conflicts associated with their origins, not their regime types, have driven the initiation of wars and other forms of violence, including ethnic cleansing. Israel has begun wars against Arab states but the non-democratic Arab states have collectively been just as aggressive and began the initial war between the two sides in 1948.²⁴

In the case of the United States, I attribute its aggressiveness to six conditions: post-Vietnam constraints on the president's war powers, economic assets, high levels of military spending, an honour culture, high levels of belief in God in comparison to other developed countries, and the predominance of Southerners and Southern cultural influence at all levels of the armed forces. The last factor is important because the South is the region that displays the greatest belief in God and the greatest concern for honour. Arguably, only the first of these conditions is in any way related to democracy. In a non-democratic country it would be unlikely that any institution could successfully limit or constrain the war-making powers of the executive. As I argued in *Cultural Theory*, both wars against Iraq, but especially the second one, were motivated in part by the desires of the executive to break free of the restraints imposed by the 1973 War Powers Act.²⁵ If indeed these restraints were a contributing factor, this presents a counter-example to the claim of many adherents of the Democratic Peace thesis that elections and the separation of powers work against war.

Military and economic might are related in the sense that the former depends on the latter. Weak states may go to war seeking revenge but are unlikely to be consistent initiators of war.²⁶ The United States is in a historically unique position given its extraordinary economic and military power compared to other states. At the end of World War II it accounted for about half the world's GDP. Today this figure stands at twenty-one per cent. During the Cold War, the United States and the Soviet Union directed an exceptional percentage of their resources to the military. Yet the United States, as noted earlier, has been spending even more on the military since the end of that conflict. I see no compelling connection

between this expenditure and the country's democratic political system. The USSR was the other principal military spender in both relative and absolute terms and had a rigidly authoritarian political system. American defenders of military spending commonly assert that the United States has unique responsibilities because it is the world's "hegemon." By this argument, any "hegemon," regardless of its internal governance, would behave in a similar way.²⁷ Other accounts attribute American military spending to idiosyncratic features of American culture.²⁸ An alternative explanation, which I noted earlier and develop at greater length in *Cultural Theory*, explains American military spending and aggressiveness in terms of its position as a "parvenu power."²⁹

The survival of an honour culture in the United States, especially in the South, and the prevalence of religious beliefs, including belief in heaven as a reward for a good life, can also be regarded as idiosyncratic in origin. Among the early settlers of the United States were many Protestant religious dissenters who have kept their evangelical faith alive. Honour culture survived in the South after the Civil War, in contrast to Europe where honour was a product of the aristocracy and was repudiated as a result of two World Wars. It is worth considering the hypothesis that if the United States was *more* democratic—if it had a citizen army selected by draft, instead of a volunteer army—its armed forces would reflect the values of the country as a whole and less those of a particular region. With conscription, President George W. Bush might have found it much more difficult to invade Iraq, and more difficult still to keep forces there once they became engaged in a seemingly no-win struggle against an indigenous insurgency.

For all its aggressiveness, the United States is distinct from other aggressive powers of the twentieth century in that it has not waged wars of conquest. This level of forbearance cannot be considered a feature of its democracy as the United States initiated wars of territorial conquest in the nineteenth century, against Mexico, Native Americans, and Spanish settlers. Since 1945, wars of conquest have become unacceptable, and most attempts at conquest have been reversed (for example, the Korean, Falklands–Malvinas and Gulf Wars, along with various unsuccessful attempts at conquest in Africa). The United States, moreover, has generally preferred to exercise informal influence as it is both cheaper and more successful, as it did in Europe after World War II and continues to do in much of Central America.

All of this leads us to the general conclusion that great care must be exercised in making attributions on the basis of regime type. This is true for the Democratic Peace just as it is for the Aggressive Democracy thesis. There are a host of equally attractive explanations to consider.

With respect to the Democratic Peace, this includes the presence of most democracies in the US-led alliance during the Cold War. Washington did its best to keep them from hostilities against one another, as in the case of Greece and Turkey. Another possible explanation is the economic structure of these countries: export-oriented, capitalist economies. And then there is the co-location of so many democracies during the Cold War in the North Atlantic region with enduring memories of the destructiveness of prior conflicts. I do not raise these points to criticize the Democratic Peace but rather to suggest the difficulty of assigning single causes to complex phenomena, and all the more so when our sample of countries—for either the Democratic Peace or Aggressive Democracies—is so small. Worse still, many of the other possible explanations are co-variants of regime type, making them much more difficult to test.

Given this scholarly uncertainty we must be very careful not to offer any of these findings—whose status remains that of provisional hypotheses—as a firm basis for policy. At least some American political scientists seem to have ignored this caution, and their over-selling of the Democratic Peace was embraced by a government anxious to find justification for its invasions of Afghanistan and Iraq. Ironically, the Democratic Peace thesis may have contributed to the empirical finding that democracies are aggressive.■

Notes

¹ The author thanks two anonymous reviewers and the STAIR Editorial Committee for their comments and input on prior drafts of this paper.

² See Michael Doyle, “Kant, Liberal Legacies, and Foreign Affairs,” *Philosophy and Public Affairs* 12, no. 3 (1983): 205–35; Doyle, “Kant, Liberal Legacies, and Foreign Affairs, Part 2,” *Philosophy and Public Affairs* 12, no. 4 (1983): 323–53; William J. Dixon, “Democracy and the Peaceful Settlement of International Conflict,” *American Political Science Review* 88, no. 1 (1994): 14–32; and John Ferejohn and Frances McCall Rosenbluth, “Warlike Democracies,” *Journal of Conflict Resolution* 52, no. 1 (2008): 3–38.

³ On the percentage of democracies, see Larry Diamond, “A Report Card on Democracy,” *Hoover Digest* no. 3 (2000), <http://www.hoover.org/publications/digest/3491911.html> (accessed January 14, 2011).

⁴ See Edward D. Mansfield and Jack Snyder, *Electing to Fight: Why Emerging Democracies Go to War* (Cambridge, MA: MIT Press, 2005).

⁵ See Richard Ned Lebow, *A Cultural Theory of International Relations* (Cambridge: Cambridge University Press, 2008), 295–97, 429–38, 477–80, 539–40, 545.

⁶ See Deanne Julius, “US Economic Power: Waxing or Waning?,” *Harvard International Review* 26, no. 4 (2005), citing figures from the World Bank and CIA.

⁷ See Stockholm International Peace Research Institute (SIPRI), *SIPRI Yearbook 2004: Armaments, Disarmament and International Security* (Oxford: Oxford University Press), 312.

⁸ See Anup Shah, "World Military Spending," *Global Issues*, <http://www.globalissues.org/article/75/world-military-spending#USMilitarySpending>; and Christopher Hellman, "The FY 2008 Pentagon Spending Request," *The Center for Arms Control and Non-Proliferation*, February 5, 2007, <http://armscontrolcenter.org/policy/securityspending/articles/fy08—dod—request> (both accessed January 14, 2011).

⁹ Quoted in Alison Mitchell, "Clinton Urges NATO Expansion in 1999," *New York Times*, October 23, 1996, A20.

¹⁰ See John Accordino, *Captives of the Cold War Economy: The Struggle for Defense Conversion in American Communities* (New York: Praeger, 2000), 1; and Robert D. Lee, Jr., Ronald W. Johnson, and Philip G. Joyce, *Public Budgeting Systems*, 7th ed. (New York: Jones & Bartlett, 2004), 35.

¹¹ A recent example is the F-22, which Obama finally killed in the Senate with the threat of a veto. See Leslie Wayne, "Air Force Jet Wins Battle in Congress," *New York Times*, September 28, 2006; *New York Times*, "We Don't Need the F-22," June 19, 2009; Associated Press, "White House Threatens Veto over F-22 Jet Fighters," June 24, 2009; Bryan Bender, "A Dog Fight Obama Seems Bound to Lose," *Boston Globe*, July 12, 2009, A1, 10; and Christopher Drew, "Bowling to Veto Threat, Senate Blocks Money for Warplanes," *New York Times*, July 22, 2009, A1.

¹² See Richard Ned Lebow and Janice Gross Stein, *We All Lost the Cold War* (Princeton, NJ: Princeton University Press, 1994), chapter 2.

¹³ See Holger Afflerbach, *Falkenhayn: Politisches Denken und Handeln in Kaiserreich* (Munich: Oldenbourg, 1994), 61; Annika Mombauer, *Helmuth von Moltke and the Origins of the First World War* (Cambridge: Cambridge University Press, 2001); and Lebow, *Cultural Theory*, chapter 7.

¹⁴ See Bertram Wyatt-Brown, *Southern Honor: Ethics and Behavior in the Old South* (New York: Oxford University Press, 1983); and Wyatt-Brown, *The Shaping of Southern Culture: Honor, Grace and War, 1760s-1890s* (Chapel Hill, NC: University of North Carolina Press, 2001).

¹⁵ See Michael Lind, "Bush's Martyrs," *New Statesman*, March 1, 2004, 20; and Shanea Watkins and James Sherk, "Who Serves in the U.S. Military? The Demographics of Enlisted Troops and Officers," Heritage Foundation Center for Data Analysis Report, Washington, DC, 2008, 13, citing Defense Department data.

¹⁶ See Leslie H. Gelb with Richard K. Betts, *The Irony of Vietnam: The System Worked* (Washington, DC: Brookings Institution, 1979); and Thomas E. Ricks, *Fiasco: The American Military Adventure in Iraq* (New York: Penguin, 2006), 40-3, 66-84.

¹⁷ See Ricks, *Fiasco*, 67.

¹⁸ See Benjamin Valentino and Nicholas Valentino, "An Army of the People?," unpublished paper.

¹⁹ On Republican identification, see Ole R. Holsti, "Of Chasms and Convergences: Attitudes and Beliefs of Civilians and Military Elites at the Start of a New Millenni-

um," in *Soldiers and Civilians: The Civil-Military Gap and American National Security*, eds. Peter D. Feaver and Richard H. Kohn (Cambridge, MA: MIT Press, 2001), 15–99; on greater willingness of Republicans to accept casualties, see Christopher Gelpi, Peter D. Feaver, and Jason Reifler, *Paying the Human Costs of War: American Public Opinion and Casualties in Military Conflicts* (Princeton, NJ: Princeton University Press, 2009).

²⁰ See Gallup Polls, reported at Religious Tolerance.org, <http://www.religioustolerance.org/godpoll.htm>. The Pew Forum on Religion and Public Life, "US Religious Landscape Survey," <http://religions.pewforum.org/reports>, nevertheless shows an across-the-board decline in formal affiliation. See Association of Religion Data Archives, "Compare Nations," <http://www.thearda.com/internationalData/compare.asp> (all accessed January 14, 2010), for statistics that show less of a gap between the US and Europe.

²¹ See Gallup Organization poll in December 1994, cited in George Bishop, "What Americans Really Believe," *Free Inquiry*, Summer 1999, 38–42.

²² See Holsti, "Of Chasms and Convergences."

²³ See Lebow, *Cultural Theory*, chapters 3 and 4, for the characteristics of honour societies and how they regard death.

²⁴ See Gregory Henderson, Richard Ned Lebow, and John G. Stoessinger, *Divided Nations in a Divided World* (New York: David McKay, 1974).

²⁵ See *Ibid.*, chapter 9.

²⁶ See Ned Lebow, *Why Nations Fight: Past and Future Motives for War* (Cambridge: Cambridge University Press, 2010), chapter 4, for wars of revenge initiated by weak or declining powers.

²⁷ For a critique of this justification, see Andrew J. Bacevich, *Washington Rules: America's Path to Permanent War* (New York: Metropolitan Books, 2010).

²⁸ For example, see Campbell Craig and Frederick Logevall, *America's Cold War: The Politics of Insecurity* (Cambridge, MA: Harvard University Press, 2009).

²⁹ See Lebow, *Cultural Theory*, chapters 6–9.

ALEXANDER BETTS¹

ABSTRACT

International migration is an increasingly important part of world politics. However, despite its inherently political and inherently international nature, it remains relatively neglected by scholars of International Relations in comparison to other trans-boundary issue-areas. In particular, the international politics of migration remains under-theorised. Consequently, even basic International Relations concepts such as “power” and “interests” remain poorly developed in relation to migration. In order to address this gap, this article begins to develop the basis of a theory of the international politics of migration. It does so by laying out a series of heuristic frameworks for understanding the interests, interactions, and institutions that underlie state and interstate behaviour around international migration.

Introduction

International migration is changing almost every aspect of society, the economy and politics. It is estimated that between 1970 and 2010, international migration—defined in terms of people who move from their country of origin to another country for a period of at least two years—has increased from 82 million international migrants in 1970 to over 200 million today. Migration is inherently political and international in nature. It is political insofar as it involves the contestation of entitlements and obligations between competing interests. It is international insofar as it involves trans-boundary movement which, by definition, implicates two or more states. Indeed, far from being a marginal international political phenomenon, international migration relates to states’ core security and economic interests, and states increasingly cooperate and compete to attract migrants they regard to be “desirable” and to exclude migrants they regard to be “undesirable.” The politics of migration is increasingly part of the strategies of big powers such as the United States, China, and India.²

Yet, despite its increasing importance and inherently political and international nature, international migration has been largely neglected by scholars of International Relations not least in comparison to other trans-boundary issues such as trade, the environment, and human

Alexander Betts “The International Politics of Migration,” *St Antony’s International Review* 6, no. 2 (2011): XX–XX.

rights. Indeed, the international politics of migration remains surprisingly under-explored. With the exception of pockets of pioneering work which mainly focus on the relationship between security and migration, and to a lesser extent on international co-operation and migration, international migration has received comparatively little attention from International Relations scholars. Some aspects of international migration—notably refugees have received more attention within International Relations than other aspects of co-operation and migration.³ Where it has focused on the politics of labour migration, most of the focus has been on the politics of migration within the European Union.⁴

Instead, Migration Studies has largely been the preserve of other social sciences such as geography, sociology, and anthropology, which have taken the migrant rather than the state as their primary object of study, privileging a “bottom-up” approach, to the neglect of a “top-down” analysis of the political processes that in turn shape migration experiences. One reason for the relative neglect of the international politics of migration has been the claim that migration involves transnational relationships that transcend the international.⁵ Furthermore, it has been argued that the sheer range of actors and interest groups involved in the politics of migration makes it problematic to aggregate the state into a single unified actor.⁶ However, these very valid observations aside, it is clear that the state and interstate interactions are an important aspect of understanding international migration.

Recently, there has been an upsurge in interest in Global Migration Governance, which has created a space for new thinking about the international politics of migration.⁷ However, what has been missing from the existing and gradually emerging body of work on the international politics of migration is an attempt to develop a comprehensive theoretical framework capable of explaining and understanding changing patterns of interstate relations. Even the most basic concepts within International Relations—such as “power”—remain poorly understood in relation to states’ behaviour in the area of migration. Until now, there has been no theory of the international politics of migration to provide a heuristic **guide to how states behave and interact in relation to international migration**. The dominant “grand theories” within International Relations—Kenneth Waltz’s *Theory of International Politics*, for example—offer only limited insight into the international politics of migration.

What is theoretically distinct about international migration is not only the transnational nature of the issue-area, the array of non-state actors involved nor the agency of the migrants themselves. While these are indeed challenges for theorizing, they also apply to many other areas of security and international political economy, and do not detract from

the value of developing a heuristic model through which to understand interstate interaction in world politics. Rather, what makes international migration a challenging area of international politics is the nature of international migration as a “good.” In particular, it has three characteristics, which mean that interests, interactions, and institutions need to be understood differently from in other issue-areas.

First, unlike such concepts as “security” or “economic growth”, which—when they are theorized in International Relations are seen as inherently desirable “goods” sought by states—*migration is inherently neither good nor bad*. Different types of migration are perceived in different ways by states. Some types of migration may be perceived as desirable or undesirable because of the way in which they affect security or the economy, for example. How states perceive refugees, irregular migration, and high-skilled migration will vary. Furthermore, this perception will vary across not only types of migration, but also across states and time. This makes state preference-formation challenging to theorize.

Second, unlike interstate interaction in many issue-areas in which power is based on states’ access to military and economic resources, interaction in the area of migration is largely defined by a structural relationship. The most important interaction that takes place in the issue-area is a *relationship between a “receiving” state and a “sending” state*. Receiving states generally have the capacity to unilaterally determine their immigration policies, while sending states generally have only limited capacity to influence those policies. Unlike many other issue-areas, this structural relationship may be only indirectly related to the distribution of military and economic capabilities. This means that power needs to be theorised differently from other areas of international politics.

Third, the degree of excludability and rivalry of the benefits and costs of migration between states will differ depending on the type of migration. Some types of migration will have a global *public* goods character, others will have a *club* goods character, and others a *private* goods character. This in turn affects the prospects for and scope of interstate competition and co-operation and the development of international institutions, in ways that are likely to lead to a plurality of different types of co-operation and competition in different areas of migration and different regions of the world.

Given these three characteristics, this article attempts to develop the basis of a theory of the international politics of migration. The intention is not to develop a theory that can explain all aspects of state behaviour in relation to migration all of the time. Rather, its intention is to develop a heuristic framework that can guide explanation and understanding of how states behave and interact in relation to migration. Like all theories

it is not intended to be an accurate description of the international politics of migration but rather a parsimonious abstraction of interstate interaction in the area of migration, and the basis of a future research agenda and the development of testable hypotheses. In order to develop the basis of a theory of the international politics of migration, the article follows the broad framework of Jeffry Frieden, David Lake and Kenneth Schultz by exploring the meaning of the three most fundamental concepts for understanding world politics: interests, interactions and institutions.⁸

Interests

One of the core assumptions in most of International Relations is that states act on the basis of their own self-interest. Different theories of International Relations disagree on where these “interests” come from; there is divergence of opinion on whether all states have the same broad interests or whether interests are shaped by states’ identities and domestic politics. For neo-realism and liberal institutionalism, states’ interests are exogenously given; all states maximise their security (and economic) interests.⁹ For analytical liberals, states’ interests are the aggregation of their domestic preferences.¹⁰ For constructivists, states’ interests come from their identities, which are constituted through their interactions with one another and through the role of norms and ideas.¹¹

In the broadest sense, one could conceive of states as attempting to maximize their security and economic interests in the area of migration, and take their preferences to be exogenously given on the basis of this assumption. However, this would be to sideline a great deal of the complexity that underlies state preference formation in the area of migration. Unlike many other areas of world politics such as war and peace, or international trade, migration is not inherently “good” or “bad” from a state’s perspective. Rather, interests will vary significantly according to (i) the particular area of migration (refugees, irregular migration, high-skilled labour migration, for example); (ii) the particular state (different states will have different perceptions of particular migrants depending on their identities and domestic politics); (iii) the particular historical juncture (states’ perceptions and preferences in relation to particular types of migration will be dynamic and vary).

Consequently, while it may be conceivable to see preference formation in simplified terms—and take them as exogenous—in a range of issue-areas, the nature of international migration, and the complex nature of preference formation, requires a more nuanced account, within which interests are endogenous to the theoretical framework. This is be-

cause the very process of preference formation will shape the conditions under which a particular type of migration is perceived as a desirable “good” or an undesirable “bad” by the state, and hence whether it seeks to compete or cooperate, exclude or include, or engage in a zero-sum or positive-sum logic at the interstate level.

Recognizing the inherently complex nature of preference formation requires a trade-off of parsimony for accuracy, but this is not to say that a parsimonious heuristic framework for preference formation cannot be developed nevertheless. Indeed, International Relations offers a useful starting point in that regard. One of the ways in which it has traditionally tried to categorize sources of state interests is through a “levels of analysis” approach, in which it has tried to explain state behaviour by looking at factors at the system/state level and the domestic level, for example.¹² Meanwhile, it has often offered a conceptual distinction between factors that are related to “security” and those that are related to the “economy.”

This domestic/state-level, security/economy typology offers a starting point for identifying different sources of state preference formation. However, in the area of migration, one can add to this typology. As well as the domestic and state levels, one can add a transnational level whereby factors that cut across states may also influence preference formation. Likewise, one can also add “identity”—alongside security and economic interests—as factors driving states to not only be concerned with migration because of its instrumental consequences for security and the economy, but also insofar as it has “desirable” or “undesirable” effects on the identity of the state at different levels.

One can thereby conceive of a 3 x 3 typology of the factors influencing state preference formation in the area of migration, given in Figure 1.¹³ The typology offers a simplified check-list of nine factors that will shape state preference formation in relation to any area of migration. For example, whether one focuses on low-skilled labour migration, high-skilled labour migration, irregular migration, refugees, lifestyle migration, or family migration, for example, one would be able to derive an explanation of state preference formation based on these nine factors. While there is inevitably blurring across the levels of analysis, and some drivers of state preferences will cut across the boxes, the typology highlights the main sources of state preference formation in the area of migration.

Depending on which area of migration one is concerned with, some factors will prove more relevant than others. For example, for refugees and human-rights related issues, questions of international “Reputation” may be more important than for high-skilled labour migration. For the

latter, the “Development” of another country through remittances, brain drain, or circular migration is likely to be more relevant than for family migration, for example. Nevertheless, in any area of migration, the 3 x 3 typology gives us the broad mechanisms through which a state is likely to perceive a given type of migration as making a net positive or negative contribution to that state, and hence develop its own migration preferences and policies.

**Table 1: Factors influencing state preferences
in relation to international migration**

Factors/Level	Domestic	State	Transnational
Security	Integration	National security	Terrorism
Economy	Lobbying	Labour market	Development
Identity	Culture	Reputation	Diaspora

The purpose of this typology is not to provide a predictive model of migration-policy formation but rather to offer a simplified typology through which the complex range of factors that lead to state preference formation for a given area of migration can be identified. For a given state, its interests with respect to a given area of migration might be understood to be the aggregation of the impact of migration policy on different interests across these nine areas. As with all typologies, it does not take in all possible factors that influence state preferences in the area of migration, but rather offers a heuristic framework through which we can begin to think through the range of domains and factors with an impact on state preferences in this issue-area.

Interactions

The section above offers a simplified framework for identifying the wide range of interests involved in state preference formation around international migration. However, understanding where state interests come from regarding a given issue forms only a part of an understanding of the international politics of that issue. Interests clash, and there is therefore a need to understand how they are reconciled within interstate interactions. There is, first of all, a need to understand what “power” means in relation to the international politics of migration. “Power” is a relational concept and can be defined as the ability of an actor A to get actor B to do something it would otherwise not do. In International Relations, power

is generally understood as “compulsory power,” whereby a state gets another state to do something through a combination of inducements and incentives.¹⁴ Power relations are seen as mainly being shaped by military and economic capabilities. Strong states are defined by having lots of guns and money, and weak states by the absence of guns and money.

In the context of migration, power works a little differently. States’ ability to shape migration governance and influence human mobility is only partly and indirectly shaped by military and economic capabilities. More significantly, it is shaped by a structural relationship, based on whether a state is predominantly a migrant “receiving” state (immigration state) or a migrant “sending” state (emigration state). Of course, in practice, no state is exclusively a receiving or sending (or transit) state, and increasingly states defy such neat categorization. However, the structural position of a state nevertheless provides a simplified heuristic way of understanding power in relation to migration.

On the one hand, migrant receiving states have the ability and authority to control entry into their territory. In the absence of a strong or binding international institutional framework governing migration, sovereign states maintain the ability to determine their own immigration policies. Hence receiving states are the *de facto* “makers” of global migration governance. On the other hand, migrant sending states have no authority to limit the right of exit of their own citizens (which is a significant taboo in international human rights law) and little influence to shape the immigration decisions of receiving states. Hence they are the *de facto* “takers” of global migration governance.

Empirically, this dynamic has shaped North-South interaction on migration policy. Northern receiving states are generally able to take the migrants they want, and exclude the ones they do not want, while Southern sending states have little influence. This systematic asymmetry of state influence has led to a further dynamic whereby sending states (often from the South) favour institutionalized co-operation in the area of migration, while receiving states (often from the North) favour maintaining the status quo of sovereign state authority. These international dynamics can be seen playing out in the voting patterns on migration in the United Nations (UN), the dynamics of the Global Forum on Migration and Development (GFMD), and the ratification of treaties such as the UN Convention on the Rights of All Migrant Workers and their Families, for example.¹⁵

The asymmetrical power relationship around international migration can be represented game theoretically by a simple collaboration problem known as a “Suasion Game.”¹⁶ The game involves two actors: one stronger (B) and one weaker (A). Because of their different relative

power, the two actors have different interests. *Either* A has a dominant strategy to co-operate (C), which B can exploit by defecting *or* B has a dominant strategy to defect (D), while the other must co-operate in order to avoid an even worse outcome. In either case, the weaker actor's preferred strategy is to co-operate, either because non-co-operation is not practically viable or because it would lead to even greater costs. However, the stronger actor is in a position to choose to not co-operate and that is likely to be its preferred position.

An instance of unrequited co-operation (CD) is consequently the only stable outcome of the game. Suasion Games have only a single equilibrium outcome, which satisfies only one actor and leaves the other aggrieved. The stronger actor B will exploit the weaker actor A. The only alternative strategy available to actor A would be to scupper co-operation entirely by choosing outcome DD, which could be an effective strategy if the game was repeated over time such that harming itself in the short run led to actor B enhancing its long-run bargaining power in a manner that might lead to outcome CC.

Table 2: Suasion Game

		Actor B	
		C	D
Actor A	C	4,3	3,4*
	D	2,2	1,1

Number left (right) of comma refers to A's (B's) preference ordering (1=worst outcome; 4= best outcome). *=equilibrium.

In the case of labour migration, actor A represents a migrant sending state and actor B represents a migrant receiving state. B's defecting strategy (D) will be to maintain unilateral control over immigration policy; its co-operative strategy (C) will be to pool sovereignty in the area of immigration policy. A's co-operative strategy (C) will be will to allow emigration and its defecting strategy (D) will be to place restrictions on emigration. A's dominant strategy is co-operation (C) because, whether or not B co-operates or not, it is likely to be better off allowing labour

emigration than prohibiting emigration. B's dominant strategy is defection (D) because it will generally prefer to maintain a unilateral position and not constrain its discretion to determine entry into its territory. The outcome is therefore likely to be CD in which the sending state seeks co-operation, and the receiving state shuns co-operation. This leads to the logic discussed above, under which migrant receiving states are likely to be "makers" of global migration governance, and sending states are likely to be "takers."

In the case of the refugee regime, actor A represents a host country of first asylum in the South; B represents a donor or resettlement state in the North. The refugee regime has established norms relating to asylum (states' contributions to protection on their territory) but it lacks established norms relating to burden-sharing (states contributions to protection of refugees who remain on the territory of another state). In the refugee regime, B's defecting strategy (D) will therefore be to contribute limited or no burden-sharing; its co-operative strategy (C) will be burden-sharing. A's co-operative strategy (C) will be will to provide asylum and its defecting strategy (D) will be to not provide asylum. A's dominant strategy is likely to be to co-operate by providing asylum, irrespective of whether B contributes to burden-sharing. Consequently, the equilibrium position will almost certainly be CD, in which the strong state exploits the weak.

The Suasion Game problem therefore dominates co-operation on refugee protection and labour migration as well as other areas such as remittances and diaspora which, like labour migration, are characterized by a senders-as-takers/receivers-as-makers logic of governance. Lifestyle migration also engenders a sending/receiving dynamic. However, much lifestyle migration is in the direction North to South (or North to North), and so it frequently leads to situations in which materially weaker Southern states become the "makers" of global migration governance, and Northern states often find themselves as the "takers." But under what conditions can collaboration take place and can the Suasion Game logic be overcome?

Issue-linkage offers a means to overcome the Suasion Game logic.¹⁷ By linking co-operation on migration to issues or issue-areas in which the dominant states have an interest, incentives for co-operation might emerge. Indeed, migration is increasingly being negotiated alongside issue-areas such as development at the GFMD), trade through the World Trade Organization (WTO), and the environment in climate change adaptation in ways that create incentives for co-operation across a range of issues. Examples of potentially co-operation-enhancing linkages in migration include: linking travel security to privileged labour market

access; linking refugee burden-sharing to irregular migration; and linking development assistance or trade concessions to irregular migration control. Such issue-linkages may be “substantive” as well as “tactical,” based upon perceptions of the causal relationship between migration and other issue-areas such as development, the environment, and security.¹⁸ Interdependence seems to be a further means through which stronger actors might develop an interest in more formalized co-operation.¹⁹ If the interests of receiving states are tied to what happens in sending states, then this may create a basis for international bargains in the mutual interest of states on both sides of the power asymmetry. The emergence of transnationalism in areas such as remittances and diaspora is contributing to a greater interdependence across states and between North and South.²⁰ Economic and security interests increasingly transcend the ability of individual Northern states to address unilaterally, and, in that sense, international interdependence has the potential to transform the nature of power relations between states and to transcend the sending/receiving state dichotomy.²¹

Institutions

Global migration governance is often said to be absent or almost absent. It is certainly true that the governance of this issue within the formal-multilateral and UN contexts remains limited. Moreover, within the UN, progress on the “migration and development” debate has been limited. However, the weakness of the current formal regime is not a sufficient basis on which to claim that there is no global migration governance. The governance of migration is simply of a different and, arguably, more complex kind than that which surrounds those issues for which more neatly compartmentalized regimes emerged after the Second World War. Indeed, it is useful to conceive of an informal system of global migration governance existing at three principal levels.

At a first level, there is a *thin layer of multilateralism* with origins in the interwar years. As Rey Koslowski indicates, if one divides the global governance of migration into three broad “global mobility regimes”—refugees, international travel, and labour migration—each of these regime areas can be identified as having its origins in the years after the First World War.²² Further to these early regime-building efforts, the current global refugee regime, based on the 1951 Convention Relating to the Status of Refugees and the role of UN High Commissioner for Refugees (UNHCR), is arguably the strongest form of formalized co-operation on migration.²³ It is the only area of migration with a specialized UN agen-

cy and a near-universally ratified treaty that constrains states' sovereign discretion in their admissions policies. The international travel regime, insofar as it is a regime, has developed a number of forms of multilateral coordination. The passport regime in particular relies upon large-scale multilateral co-operation. Over time, co-operation on technical standards relating to travel document security has become more complex. The International Civil Aviation Organization (ICAO) has played an increasingly important role in setting standards.²⁴ Finally, the labour migration regime, although limited, is nevertheless underpinned by a range of labour standards developed through International Labour Organization (ILO) treaties.²⁵

What is notable about all three of these areas, though, is that while they have all developed and evolved over time, they have their origins in the formal multilateral co-operation that emerged during the interwar period. The most prolific era for the ILO was prior to the Second World War, when it was one of the largest and most influential international organizations. The basis of the passport regime, which underpins the entire notion of a travel regime, was also established before the Second World War. The origins of the refugee regime can meanwhile be traced to the League of Nations High Commissioner for Refugees (LNHCR). New multilateral co-operation has built only incrementally on these longstanding agreements but in many ways has adapted conservatively. Even in the three global mobility regimes, powerful states have rarely sought to delegate additional authority in the areas of migration to a binding, multilateral framework.

At a second level, there is what might be referred to as *embedded governance*. The concept of "embeddedness" is widely used in anthropology to refer to a situation where an area of social life does not exist as a recognized and compartmentalized area but as an integrated part of the larger social system. Embeddedness is used by anthropologists in arguing that issue-areas such as the economy or law do not exist as explicitly identifiable or atomistic areas of society but are instead integrated as parts of a larger social structure.²⁶ For example, when asked, people in many societies may not be able to point to a particular area of social life called the "economy," but may instead describe it as an integrated and implicit part of the community. The embeddedness concept can be analogously applied to global governance to highlight situations in which there may be limited explicit governance in an issue-area yet that issue-area is nevertheless implicitly regulated by institutions that were created to regulate other matters.

Much of global migration governance is not explicitly labelled as such but nevertheless regulates how states can and do behave in relation

to migration. Much of global governance in other areas such as trade, security, and human rights, predates the post-Cold War international focus on migration. At the level of norms, states' responses to migration are regulated by their obligations in a host of these other areas. Many aspects of public international law shape the boundaries of acceptable state behaviour in the area of migration. For example, international human rights law, international humanitarian law, WTO law, maritime law, and labour law all represent important elements of global migration governance. It is as a result of these embedded institutions that some international lawyers have argued that one may conceive of the existence of International Migration Law (IML) based on these pre-existing bodies of law whose immediate focus is on other issues.²⁷ Alexander Aleinikoff thus speaks of the global governance of migration as comprising "substance without architecture" insofar as the norms exist but not as part of a coherent institutional framework.²⁸ Similarly, at the level of international organizations, the mandates of a host of pre-existing UN agencies and non-UN agencies may not explicitly mention migration but indirectly touch upon it.

At a third level, the most important developments in migration governance are emerging on the basis of a complex tapestry of bilateral, regional, and inter-regional mechanisms, formal and informal, which might be loosely subsumed under the concept of *trans-regionalism*. This term captures sets of formal and informal institutions that cut across and connect different geographical regions, constituting or constraining the behaviour of states and non-state actors in a given policy field.

A range of informal regional and inter-regional networks called Regional Consultative Processes (RCPs) have emerged, almost with universal coverage. Examples, of RCps include the Intergovernmental Consultations on Asylum, Refugees and Migration (IGC), the Regional Consultative Mechanism (RCM), the Bali Process, and the Southern African Dialogue on International Migration (MIDSA). Many RCps may be understood as trans-regional insofar as the funding, training, and knowledge on which they are based often comes from outside of the regions in which the RCps function. RCps also often intersect with formal Regional Economic Communities (RECs) and a range of bilateral agreements.

This, of course, begs the question: Why is global migration governance so incoherent? Why are there so few multilateral migration treaties, for example? Part of the logic underlying the development of a multi-layered structure of global migration governance with intersecting bilateral, regional, networked, and multilateral structures is attributable to

the different degree of excludability and rivalry of the costs and benefits that result from different types of international migration.

James Hollifield claims that there should be a collective interest in the development of a global migration regime—it would represent a global public good, the benefits of which would be non-excludable, in the sense that all states would benefit from its existence irrespective of their contribution, and non-rival, in the sense that one state's enjoyment of the benefits would not diminish the level of benefit available to other states.²⁹ Hollifield sees the public-good nature of the benefits of “orderliness and predictability” that come from global migration governance as underlying the rationale for an inclusive, possibly UN-based framework.

However, Hollifield's characterization misrepresents the nature of migration governance. To be precise about this point, one can divide migration into three broad areas: refugees, irregular and low-skilled migration, and high-skilled migration. The refugee regime, for its part, may well be characterized as a global public good—albeit one with asymmetric distribution of benefits—because the benefits of refugee protection are, to some extent, non-excludable and non-rival between states. One would therefore quite expect a formal, multilateral regime in this area. However, irregular and low-skilled migration are more accurately characterized as club goods: the costs and benefits of governance in these areas would be non-rival because the supply is unlikely to be scarce, but unlike for refugees, the benefits of governance can be made excludable. One would therefore expect exactly what we observe: a tapestry of regional and inter-regional cooperative agreements among “clubs” of states. The global governance of high-skilled migration, by further contrast, more resembles a private good because it is possible not only to exclude states from enjoying the benefits of governance but, given the finite supply of skilled labour, those benefits are likely to be rival between states. One would therefore expect governance in this area to be characterized by either unilateral liberalization or bilateral agreements. Indeed, in the area of high skilled labour migration, the existing structures do resemble multilateralism, such as the WTO's GATS Mode 4, based mainly on individual states' unilateral decisions to liberalize their domestic labour markets. The overall perspective developed here in contrast to Hollifield is illustrated in Figure 3.

Table 3: Typology of migration governance as a global public good

Type of Migration Governance	Main Level of Governance	Type of Good
Refugees	Multilateral	Public Good
Irregular and Low-Skilled	Regional	Club Good
High-Skilled Labour	Unilateral/bilateral	Private Good

With a number of notable exceptions, International Relations has generally neglected the study of international migration, while work on migration in other social sciences has focused on the “bottom-up” dynamics of migratory movements to the neglect of their international-political aspects. Consequently, even basic International Relations concepts such as interests, power, and institutions are poorly understood in relation to migration. Yet having a conceptual framework for understanding and explaining state behaviour in the area of migration is important both for academic understanding and for policy debates.

Developing a simplified heuristic framework for understanding interstate relations in this area also has the potential to contribute to debates on global migration governance, which are often conducted in the absence of clear, analytical thinking about the nature of the international politics of migration, and the constraints and opportunities it offers for institutionalized co-operation. Having a basic conceptual understanding of the interests, interactions, and institutions involved can highlight the conditions under which states co-operate or compete in ways that highlight possible intervention points for normative change. Such an understanding thus allows policymakers to better appreciate the existing political constraints and opportunities when it comes to making progress in this area.

This article has sketched the basis of a theory of the international politics of migration. It has done so by setting out a series of interrelated heuristic frameworks for understanding the interests, interactions, and institutions central to the international politics of migration. Its intention is not to set out a definitive or closed framework, but rather to provide a starting point for debate and the basis of a framework which can be refined in dialogue with scholars in International Relations and other fields. In addition to opening up a dialogue, an important next step made possible by the groundwork provided here is the development and testing of hypotheses in relation to specific empirical areas of the international politics of migration, as yet a further way of challenging and refining the provisional model presented here. ■

Notes

¹ The ideas in this article are developed in Alexander Betts, *Global Migration Governance* (Oxford: Oxford University Press, 2011). The author would like to thank Erin Court for research assistance that contributed particularly to the first section of this

² See James Hollifield, "The Politics of Immigration and the Rise of the Migration State," in *A Companion to American Immigration*, ed. Reed Ueda (Oxford: Wiley-Blackwell, 2007).

³ See Myron Weiner, "Security, Stability and International Migration," *International Security* 17, no. 3 (1992): 91–126; Kelly Greenhill, *Weapons of Mass Migration* (Ithaca, NY: Cornell University Press, 2010); Michael S. Teitelbaum, "Immigration, Refugees, and Foreign Policy," *International Organization* 38, no. 3 (1984): 429–50; Christopher Rudolph, *National Security and Immigration: Policy Development in the United States and Western Europe Since 1945* (Stanford, CA: Stanford University Press, 2006); Fiona Adamson, "Crossing Borders," *International Security* 31, no. 1 (2006): 165–99; Kamal Sadiq, *Paper Citizens: How Illegal Immigrants Acquire Citizenship in Developing Countries* (Oxford: Oxford University Press, 2008); Idean Salehyan, *Rebels Without Borders: Transnational Insurgencies in World Politics* (Ithaca, NY: Cornell University Press, 2009); Bimal Ghosh, *Managing Migration: Time for a New International Regime*, ed., (Oxford: Oxford University Press, 2000); Randall Hansen, Jobst Koehler, and Jeanette Money, eds., *Migration, Nation States and International Cooperation*, (London: Routledge, 2011); Andrew Geddes, *The Politics of Migration and Immigration in Europe* (London: Sage, 2003); Gallya Lahav, *Immigration and Politics in the New Europe: Reinventing Borders* (Cambridge: Cambridge University Press, 2004); and Sandra Lavenex, *Safe Third Countries: Extending the EU Asylum and Immigration Policies to Central and Eastern Europe* (Budapest: Central European University Press, 1999).

⁴ See Alexander Betts, *Protection by Persuasion: International Cooperation in the Refugee Regime* (Ithaca, NY: Cornell University Press, 2009); Alexander Betts and Gill Loescher, eds., *Refugees in International Relations* (Oxford: Oxford University Press, 2011); Lischer, *Dangerous Sanctuaries*; Emma Haddad, *The Refugee in International Society: Between Sovereigns* (Cambridge: Cambridge University Press, 2008); Gil Loescher, *UNHCR in World Politics: The Perilous Path* (Oxford: Oxford University Press, 2001); Astri Suhrke, "Burden-Sharing During Refugee Emergencies: The Logic of Collective Action versus National Action," *Journal of Refugee Studies* 11, no. 4 (1998): 396–415; Eiko R. Thielemann, "Between Interests and Norms: Explaining Burden-Sharing in the European Union," *Journal of Refugee Studies* 16, no. 3, (2003): 253–73; and Astride Zolberg, Astri Suhrke, and Sergio Aguayo, "International Factors in the Formation of Refugee Movements," *International Migration Review* 20, no. 2 (1986): 151–69.

⁵ See Robin Cohen, *Global Diasporas: An Introduction* (London: Routledge, 2007); Thomas Faist, *The Volume and Dynamics of International Migration* (Oxford: Clarendon Press, 2000); Saskia Sassen, *Losing Control? Sovereignty in an Age of Globalization* (New York: Columbia University Press, 1996); Nicholas Van Hear, *New Diasporas: The Mass Exodus, Dispersal and Regrouping of Migrant Communities* (Seattle, WA: University of Washington Press, 1998); and Steve Vertovec, "Conceiving and Researching Transnationalism," *Ethnic and Racial Studies* 22, no. 2 (1999): 447–62.

⁶ See Fiona Adamson and Madeleine Demetriou, "Remapping the Boundaries of 'State' and 'National Identity': Incorporating Diasporas into IR Theorizing," *Europe-*

an *Journal of International Relations* 13, no. 4, (2007): 489–526; and Stephen Castles and Mark J. Miller, *The Age of Migration* (London: Palgrave MacMillan, 2009).

⁷ See Betts, *Global Migration Governance*; Global Commission on International Migration, “Migration in an Interconnected World: New Directions for Action,” (Geneva: Global Commission on International Migration, 2005), <http://www.gcim.org/attachements/gcim-complete-report-2005.pdf> (accessed January 18, 2011); Khalid Koser, “International Migration and Global Governance,” *Global Governance* 16, no. 3 (2010): 301–16; R. Koslowski *Global Mobility Regimes* (London: Palgrave MacMillan, 2011); Rahel Kunz, Sandra Lavenex, and Marion Panizzon, eds., *Multi-Layered Migration Governance* (London: Routledge, 2011); and Kathleen Newland, “The Governance of International Migration: Mechanisms, Processes and Institutions,” *Global Governance* 16, no. 3 (2010): 331–44.

⁸ See Jeffrey Frieden, David Lake, and Kenneth Schultz, *World Politics: Interests, Interactions and Institutions* (New York: Norton, 2010).

⁹ See Kenneth Waltz, *Theory of International Politics* (New York: McGraw-Hill, 1979); and Robert Keohane, “The Demand for International Institutions,” *International Organization* 36, no. 2 (1982): 325–55.

¹⁰ See Andrew Moravcsik, “Taking Preferences Seriously: A Liberal Theory of International Politics,” *International Organization* 51, no. 4 (1997): 513–53.

¹¹ See Alexander Wendt, *Social Theory of International Politics* (Cambridge: Cambridge University Press, 1999).

¹² See J. D. Singer, “The Level-of-Analysis Problem in International Relations,” *World Politics* 14, no. 1 (1961): 77–92; Ngaire Woods, *Explaining International Relations Since 1945* (Oxford: Oxford University Press, 1996); and Geir Lundestad, *East, West, North, South: Developments in International Relations Since 1945* (London: Sage Publications, 2010).

¹³ See Alexander Betts and Erin Court, “Migration and International Relations,” unpublished paper, under review, 2010.

¹⁴ See Michael Barnett and Raymond Duvall, eds., *Power in Global Governance* (Cambridge: Cambridge University Press, 2005).

¹⁵ See Alexander Betts, “Conclusion,” in *Global Migration Governance*, ed. A. Betts (Oxford: Oxford University Press, 2011): 307.

¹⁶ See Betts, *Protection by Persuasion*; Andreas Hasenclever, Peter Mayer, and Volker Rittberger, *Theories of International Regimes* (Cambridge: Cambridge University Press, 1997); and Lisa Martin, “The Rational State Choice of Multilateralism,” in *Multilateralism Matter: The Theory and Praxis of Institutional Form*, ed. John Ruggie (New York: Columbia University Press, 1993).

¹⁷ See Ernst Haas, *When Knowledge is Power: Three Models of Change in International Organizations* (Berkeley, CA: University of California Press, 1990); Lisa Martin, “Rational State Choice”; and Betts, *Protection by Persuasion*.

¹⁸ See *ibid.*

¹⁹ See Robert Keohane and Joseph Nye, *Power and Interdependence* (London: Longman, 2001); and Rudolph, *National Security and Immigration: Policy Development in the United States and Western Europe Since 1945*.

²⁰ See Alan Gamlen, "Diasporas," in *Global Migration Governance*, ed. A. Betts (Oxford: Oxford University Press, 2011); and Anna Lindley, "Remittances," in *Global Migration Governance*, ed. A. Betts (Oxford: Oxford University Press, 2011).

²¹ See Erin Court, "How Transnational Actors Change Inter-State Power Asymmetries: The Role of the Indian Diaspora in Indo-Canadian Relations on Migration," (unpublished DPhil manuscript, University of Oxford, 2010); and Gamlen, "Diasporas."

²² See Koslowski, *Global Mobility Regimes*.

²³ See Loescher, *UNHCR in World Politics*; and Gil Loescher, Alexander Betts, and James Milner, *The United Nations High Commissioner for Refugees (UNHCR): The Politics and Practice of Refugee Protection into the 21st Century* (London: Routledge, 2008).

²⁴ See Koslowski, *Global Mobility Regimes*; and Mark B. Salter, *Rights of Passage: The Passport in International Relations* (Boulder, CO: Lynne Rienner Publishers, 2003).

²⁵ See C. Kuptsch and P. Martin, "Low-Skilled Labour Migration," in *Global Migration Governance*, ed. A. Betts (Oxford: Oxford University Press).

²⁶ See Marshall Sahlins, *Stone Age Economies* (Oxford: Routledge, 1974); Richard R. Wilk, *Economies and Cultures: Foundations of Economic Anthropology* (Boulder Co: Westview Press, 1996); and Arjun Appadurai, *Modernity at Large: Cultural Dimensions of Globalization* (Minneapolis, MN: University of Minnesota Press, 1996).

²⁷ See Ryszard Cholewinski, Richard Perruchoud, and Euan MacDonald, *International Migration Law: Developing Paradigms and Key Challenges* (The Hague: TMC Asser Press, 2007).

²⁸ Alexander Aleinikoff, "International Legal Norms on Migration: Substance without Architecture," in *International Migration Law: Developing Paradigms and Key Challenges*, eds. Ryszard Cholewinski, Richard Perruchoud, and Euan MacDonald (The Hague: TMC Asser Press, 2007).

²⁹ See James Hollifield, "Migration as a Global Public Good," in *Global Mobility Regimes*, ed. Rey Koslowski (London: Palgrave MacMillan, 2011); and Scott Barrett, *Why Cooperate? The Incentives to Supply Global Public Goods* (Oxford: Oxford University Press, 2007).

Globalized Finance and National Regulation: The Influence of Internationalization on Supervisory Consolidation

RAHUL PRABHAKAR¹

ABSTRACT

Financial regulatory reform remains high on global and national political agendas. Some proposals call for the consolidation of regulatory structures by merging or eliminating existing regulatory agencies. Financial supervisory consolidation has occurred in a number of developed countries over the past two and a half decades. This paper seeks to explain why a substantial number of developed countries have opted to reform their financial regulatory structures from a sector-based to a consolidated model. Based on an ordered logit regression analysis of a newly created cross-national financial dataset, this paper argues against the prevailing literature in globalization that has discounted the influence of multinational firms on domestic politics. Moreover, it disputes the assumptions of realist and policy-diffusion perspectives that prioritize hegemonic market power. This paper demonstrates how the internationalization of finance, through the spread of global financial services firms (“conglomerates”), has driven supervisory consolidation in developed countries. These global firms prefer reduced compliance costs through the elimination of duplicative regulation. Motivated by competitiveness concerns, politicians and regulators in highly internationalized countries are pressured to consolidate financial supervision, lest they cause global firms to move elsewhere because of unfavourably duplicative regulation. A consolidated supervisor offers lower compliance costs compared to a system of sector-based supervisors by eliminating duplicative regulation. In sum, the higher the level of financial internationalization in a country, the greater the level of supervisory consolidation.

Introduction

In the aftermath of the financial panic and crisis in 2008 and 2009, hoodwinked regulators were lumped with greedy bankers as worthy of blame. In addition to debates on capital requirements, consumer protection and resolution, has also been a little-noticed debate on regulatory structure. The Obama Administration originally proposed a merger of the Commodities Futures Trading Commission and Securities and Exchange Commission. The Financial Services Authority in the United

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Kingdom was hailed at its creation in the late 1990s as the model for financial regulation, but will now likely be enveloped into the Bank of England. The debate over regulatory structure has taken place in the context of international finance dominated by global conglomerates—financial services firms that operate across the banking, securities, and/or insurance markets. Financial regulatory structures in developed countries have undergone substantial change over the past twenty years. An increasing number of countries have moved from a structure based on the three basic financial markets to a consolidated structure that responds to the operations of large, influential firms with businesses in all three markets. Why such change?

Regulatory approaches can be based on firms' legal statuses, type of transactions, and otherwise. This paper is concerned more generally with supervisory consolidation than specifications of various regulatory approaches. There is substantial variation regarding regulatory structures; countries exhibit any number of regulators, ranging from half a dozen to three to one. Highly consolidated supervision entails one or two main regulators. Regulatory structure, as is argued here, has substantive importance for interactions between firms and regulators.

This paper seeks to explain why a substantial number of developed countries have opted to reform their financial regulatory structures from a sector-based to a consolidated model. There are two competing explanations tested in this paper. One explanation is based on systemic-level changes: the internationalization of finance, driven by global financial services firms, causes regulatory change. These global firms can be conglomerates or market-specific firms, such as broker-dealers. The measure of financial internationalization in this paper includes the presence of global conglomerates. These global firms prefer reduced compliance costs through the elimination of duplicative regulation. As suggested by private-interest theory, these firms may also prefer regulatory laxity, but it is on the basis of reducing duplicative compliance costs that their preferences for consolidation arise. Motivated by competitiveness concerns, politicians and regulators in highly internationalized countries are pressured to consolidate financial supervision lest they cause global firms to move elsewhere because of unfavourably duplicative regulation.² A consolidated supervisor offers lower compliance costs compared to a system of sector-based supervisors by eliminating duplicative regulation. In sum, the higher the level of financial internationalization in a country, the greater the likelihood of supervisory consolidation.

A competing explanation is that regulatory change is the result of domestic financial trends, such as conglomeration at the domestic level. Domestic conglomerates prefer the reduced compliance costs of interact-

ing with a consolidated supervisor. The domestic conglomerate is able to report to, and is monitored by, a single regulator instead of separate supervisors for its banking, securities, and/or insurance subsidiaries. Politicians and regulators seek to prevent market failure and to avoid blame in the event of systemic instability and so prefer to match regulatory structure with industry structure. These preferences predict that the higher the level of domestic conglomeration in a country's financial sector, the greater the level of supervisory consolidation. As is shown, this domestic argument for supervisory consolidation is not supported by the data analysis.

This paper is first situated within the existing international political economy and regulation literature. Actors' preferences are outlined and hypotheses are developed. To test these competing explanations, an empirical analysis of the regulatory structures in the financial sectors of seventeen developed countries is conducted. Utilizing a newly constructed dataset, the analysis tests simultaneously for domestic and international explanations of supervisory consolidation. It is argued that powerful global firms have profound causal consequences for supervisory consolidation through demands for less duplicative regulation. The statistical evidence and ensuing discussion demonstrate that the internationalization of finance, which encompasses the influence of global conglomerates, is responsible for supervisory consolidation.

Political Economy of Financial Regulation: Literature Review and Actors' Preferences

The theoretical framework of this paper is inspired by a fusion of recent literature on global governance and earlier work on the impact of globalization on domestic politics, in addition to private and public interest theories of regulation.³ All importantly contribute to an understanding of the preferences of, and relationships between, the relevant actors—firms, politicians, regulators, and consumers—in the financial regulatory structure. These preferences and relationships, however, are conditioned by the international economy.⁴

The international political economy literature has devoted considerable attention to examining global regulatory outcomes. Beth Simmons provides an account of regulatory change based on hegemonic market power; as the dominant financial centre moves, so does the rest of the world. The financial hegemon, usually the United States, induces co-operation by other countries in the adoption of rules, for example, capi-

tal requirements, accounting rules, anti-money laundering efforts, and information-sharing.⁵ Daniel Drezner takes states' preferences as their own regulatory status quo and assumes preferences are largely driven by the adjustment costs that would be borne by agreeing to the outcome of the regulatory process. Drezner's account prioritizes market power in the formation of regulation. The major powers, such as the United States and United Kingdom, use "clubs" such as the Basel Committee on Banking Supervision, instead of the formality of the International Monetary Fund (IMF) or World Bank, to pursue their regulatory preferences.⁶ Walter Mattli and Ngaire Woods specify and broaden the range of the relevant actors and their preferences in the regulatory process, demonstrating how the institutional context affects the interactions of actors in the process and determines whether the outcome will be one of "capture" or in the public interest.⁷ David Singer shows how financial regulators, who are often pressured and constrained by domestic politics, "move" to the international level to enact reform, as in the case of capital requirements.⁸

Given that regulatory consolidation occurred extensively in smaller financial centres, as in Scandinavian countries, *before* Britain created the consolidated FSA, the predominantly realist perspective adopted by Drezner and the policy-diffusion implications of Simmons' argument are unsuitable. Drezner's assumption of state preferences as the regulatory status quo does not recognize the influence of firms' preferences. Mattli and Woods' institutionalist approach and its emphasis on the importance of timely information, regulatory capture, firms' market power, and stages of reform are extremely relevant to this question. This paper helps to address some of the gaps in these influential works.

It is now well accepted that globalization produces winners and losers.⁹ The firms considered most prominently here, global conglomerates, prefer to deal with national-level regulators: "internationalists often prefer to work with national authorities, at least in the developed states. Financial institutions cannot be certain that any international entity created for regulatory purposes will offer the same, reliable channels of influence as national regulatory authorities."¹⁰ International competitiveness is crucial to explanations of regulatory change: "globalized money, at its most basic, has become a political contest for market loyalty, posing extraordinarily difficult choices for policymakers."¹¹ There is little doubt by now that globalization has not "extinguished" the state, but it certainly has produced different possibility frontiers for policymakers. Our focus, therefore, should be not just on systemic "demand" (internationalization of finance), but also on "supply"—the response of regulators and politicians to global economic trends.¹² Thus, not primarily

concerned with the effect of globalization on the welfare state or social institutions, this paper does not assert that financial internationalization is driving a “race to the bottom.” Instead, this paper argues that the internationalization of the financial services industry is eliciting common responses regarding the structure of regulation across countries. Driven by internationalization, these responses are functions of the preferences of actors: firms, politicians, consumers, and regulators.¹³

Firms' Preferences

The private-interest, or economic, theory of regulation supposes a society in which groups exert political pressure in order to create favourable regulation, such as blocking the entry of new firms. Firms are the most dominant players in this game. The “firms” considered here are domestic and global conglomerates. Conglomerates are firms that operate in at least two of the three major financial markets: banking, securities, and insurance. Private-interest theory holds, as its central tenet, that “regulation is acquired by the industry and is designed and operated primarily for its benefit.”¹⁴ Firms are powerful if “they influence the politicians and the regulatory bureaucracy to serve primarily the interests of those subject to the regulation.”¹⁵ Such influence can operate through votes or donations, or the potential of later, lucrative employment in the industry—an incentive particularly directed towards regulators.¹⁶ As a smaller group of actors facing lower collective action costs, firms in a given industry more effectively co-ordinate on lobbying than the larger group of consumers.¹⁷ The competition by and between firms is motivated by distributional implications: “Competition among these pressure groups for political influence determines the equilibrium structure of taxes, subsidies, and other political favors.”¹⁸ Increases in both firms’ political power and technological change create opportunities to impose deregulatory preferences on politicians: “Anything that, for example, made it cheaper to organize or inform the broad mass of consumers about the adverse consequences of regulation in a structurally competitive industry would increase the political payoff to deregulation.”¹⁹

A consolidated supervisor offers firms reduced compliance costs. This results from a consistency in treatment of a firm’s activities across the banking, securities, and insurance markets. The consistency results mainly from the elimination of duplication in regulation, which “is expected to simplify the supervisory procedures for the financial actors that are engaged in various segments of the market.”²⁰ It has been found that countries with consolidated supervisors offer greater consistency

(and thus lower costs) than those countries without such supervisors.²¹ Given this motive for reduced costs, firms prefer to interact with a single consolidated supervisor. Global conglomerates prefer consolidated supervision across countries: "A single supervisor in each national jurisdiction would streamline the supervisory practices and would reduce compliance costs for financial operators engaged in cross-border activities."²²

Remember, though, that the definition of firms contained herein also includes domestic firms. One could argue that, as much as firms preferred high barriers to entry prior to deregulation, domestic firms could prefer complex supervisory rules in order to deter the entry of foreign firms to their home country. Complex supervisory rules would greatly increase the compliance costs of regulation for global conglomerates. In the past few decades, however, protective regulation has given way to a competitive environment where cost is paramount. The development of new technologies reduced the value of entry restrictions: "restrictions come under pressure when new technologies allow circumventing activities eroding the protective value of regulation from the industry's point of view."²³ The extreme competitiveness of the financial sector has led domestic banks to prioritize reduced costs, as do global firms: "the regulated banking industry exerts influence on supervisory standards in the sense that they press for lower supervisory stringency."²⁴ Thus, firms generally prefer regulatory laxity; in the well-developed countries studied here, however, reduction in compliance costs is the primary motivation underlying the preference for supervisory consolidation. Given a choice of two comparable financial sectors, all else equal, global firms will choose to operate in a country whose financial sector offers less duplicative regulation compared to the financial sector of another country.

One may argue that some firms actually prefer fragmentation, as in the US sector-based model, which is further complicated by the presence of state regulators, because of benefits from regulatory arbitrage. This may be true in some cases for national firms. This paper posits and demonstrates in the ensuing discussion that global firms, which experience higher levels of regulation and surveillance than national firms, will prefer consolidated supervision because of the reduction in duplicative compliance costs and because a single regulator is easier to lobby. The relative regulatory burdens under fragmented and consolidated structures remain to be empirically determined.

The private-interest basis for firms' preferences also yields preferences for politicians. According to this view, politicians seek re-election, donations, and favours in exchange for advocating for a particular regulatory policy: "supervisory regulation might not only be driven by the desire to improve systemic stability but also by the self-interest of regulating politicians and bureaucrats who create inefficient regulation in order to benefit favoured constituents, attract campaign donations or extract bribes."²⁵ Politicians constantly face the threat that global firms will move to countries with less stringent regulations than theirs. Politicians benefit from the local job creation and reputational enhancement that result from the domestic location of a global firm. For the same reasons, in other national settings, politicians could appeal to global firms to move to their countries. In this sense, "captured" politicians reflect the preferences of powerful financial conglomerates. This suggests that politicians are both affected by the preferences of financial conglomerates, because they want to attract such conglomerates to locate a substantial share of their operations in that particular country. This raises important possible issues of reverse causality that are addressed in section 3.2. discussing Financial Internationalization and Actors' Preferences. Politicians are nevertheless also influenced by regional and national firms: US congressmen in Iowa are lobbied mostly by community banks, whereas New York congressmen by Wall Street banks. Thus, we should not expect to see consolidation occurring everywhere, all the time.

Politicians confront information asymmetry in which their knowledge is much less than that of financial firms regarding risks, fraud, and other dangers to systemic stability. Moreover, firms' preferences may be misleadingly presented: "Private interests may try to confuse the public debate by providing false or misleading information to make it difficult to discern whether policy would improve social welfare."²⁶ In such circumstances, politicians are afraid of the electoral repercussions of systemic instability in their country's financial markets: "Politicians will, therefore, be likely to err on the side of bank system safety, even at the expense of efficiency and the risk of moral hazard problems that make economists cringe."²⁷

A consolidated financial supervisor might be the preference of both firm-favouring and consumer-favouring politicians, but the institutional rules, objectives, and stringency standards will lean towards either the reduced-cost motive of firms or the systemic stability and business conduct concerns of investors and consumers. The private-interest and

public-interest theories differ on this point. Private-interest theory would suggest that “banks have a collective action advantage over the average depositor, and one should expect regulation to mirror that by transferring wealth from depositors to banks.”²⁸ Yet politicians who recognize the high social costs of a financial crisis upon taxpaying consumers “choose the structure and intensity of regulation in order to equalize the marginal vote losses of burdening consumers with the marginal vote gains from benefiting producers.”²⁹

In countries that have experienced systemic financial instability or crisis, politicians are motivated to correct perceived market failures that result from information asymmetry between firms and other actors. To this end, they seek to match the regulatory structure to the industry structure, in other words, to consolidate supervisors in order to match the conglomerated financial sector. A single consolidated supervisor offers substantial efficiency gains by allowing for centralized monitoring, surveillance, assessment of risk, and prioritization of regulatory attention of firms operating in different markets. Politicians are the principals in a principal-agent relationship with regulators. Because of the high cost of drafting and implementing supervisory rules, politicians delegate these tasks to regulators. In the event of a crisis, politicians seek to avoid blame and thus engage in reform that appears to transfer blame, especially to existing regulators, for example, the blame directed towards the US Federal Reserve and UK Financial Services Authority in 2009.

Mattli and Woods suggest that “common interest regulation” can only result from the presence of broad and sustained demand for regulatory reform, along with extensive institutional supply in the form of proper due process and multiple access points.³⁰ In a similar vein, public-interest theory holds that regulation occurs in response to market failure. This corrective intention of regulation has been considered in the context of such policies as deposit insurance: “Deposit insurance is the only known effective measure to prevent runs without preventing banks from creating liquidity, and, consequently, bank policy issues should be considered in the context of deposit insurance.”³¹ Schumpeter espoused that financial services—such as linking savers to borrowers and risk management—are necessary for economic growth. Hence, proponents argue that reforms such as branch deregulation have led to higher economic growth.³² This necessity of finance for growth justifies the regulatory correction of financial market failure.³³ The great difficulty of public-interest theory is that there exist many regulations, from portfolio restrictions to geographic restrictions, which do not appear to serve the public interest.³⁴

The ability of politicians to change preferences—between a firm-favouring and consumer-favouring emphasis—stems from the hindrances facing consumers: high collective action costs, the spread of the cost burden of regulation, and information asymmetry. Hence, it is likely that politicians would be more attuned to the potential vote losses from industry than from consumers: “From the point of view of elected legislators this information problem on the side of consumers/voters decreases the political costs of favoring producers in terms of expected vote losses. This allows politicians to adjust regulation according to the preferences of the industry.”³⁵ As Mattli and Woods suggest, only in the midst and aftermath of crisis does extensive information spread about regulatory failure and firm behaviour, heightening politicians’ electoral concerns and consumer advocacy.³⁶

Politicians generally seek to promote the international competitiveness of their financial sector and thus reflect the preferences of the industry, though a severe crisis or instability can lead to a consumer-favouring emphasis in regulatory reform, for example, proposals to create a consumer protection agency separate from the primary regulator.

Consumers’ Preferences

Compared to the knowledge of financial regulation held by firms, consumers are decidedly disadvantaged, resulting in high information asymmetry. Not only do they face high information costs as a result of the complexity of financial regulation, the number of consumers makes it very difficult to collectively act on preferences towards regulation.

Consumers are mostly concerned about conduct of business supervision, which seeks to prevent fraud, enable transparency, and ensure that consumers understand financial products sold to them. Consumers are motivated by market failure concerns about fraud in interactions with firms, and by systemic stability, which is most clearly manifested as the soundness of their bank deposits.

With an increasing proportion of consumers’ savings invested in the stock market, consumers are likely more attuned to discussions of financial regulation pertaining to the securities markets than before. Moreover, consumers, as voters, are highly unfavourable towards politicians in the event of a bailout of firms. To this end, consumers favour a stringent regulatory structure, without a clear a priori preference towards a consolidated or sector-based model.

In the model employed by this paper, regulators are the agents in a principal-agent relationship with politicians. The principal (politician) delegates the tasks of financial regulation and supervision, which have high time and information costs, to regulators. Such delegation also reflects politicians' incentives to avoid blame if a crisis occurs. As agents, regulators face the dilemma of promoting international competitiveness while ensuring systemic stability. Regulators include central bankers, who may face an acute crisis of credibility if they are responsible for financial supervision in the event of scandals or systemic instability. They are pressured by politicians to adopt their preferences, under the threat of intervention. Intervention can be initiated after systemic instability (crisis) or through firms' pressure on politicians.³⁷ In the course of consolidation, some regulatory agencies will be eliminated. As a result, "turf battles" between regulators for survival and legitimacy will likely ensue. This incentive for self-preservation and reputation is not the focus of this paper and, as will be shown, will be overridden by firms' preferences for consolidation and politicians' preferences for international competitiveness. This paper is primarily focused on *surviving* regulators, who also prefer international competitiveness.

Tightening financial regulation is an onerous task for regulators: "An attempt to tighten regulations domestically will simply augment the competitive position of foreign firms. Yet doing nothing will render the domestic industry unstable and spark the indignation of consumers and politicians."³⁸ In this way, regulators' preferences for international competitiveness are actually a form of *constraint* caused by global firms' exit options. Thus, regulators are "firm-friendly" and can legitimize the preferences of firms by asserting that competition and innovation are harmed by state-led change. This firm-favouring bias and regulatory "capture" can cause "information asymmetry [that] ultimately results in policy failure that can impose enormous costs on civic society."³⁹

Theory of Supervisory Consolidation

Domestic Conglomeration and Actors' Preferences

Domestic conglomeration is the "blurring" of business boundaries within a single *domestic* financial services firm (or the domestic part of a global firm). As a result of increasing competition in the financial services industry, firms are incentivized to enter two or more of the banking,

securities, and insurance markets. For example, a traditional bank takes in consumers' deposits and lends to businesses and other consumers. The difference between the interest paid on deposits and interest earned on loans is the interest rate spread. Increasing competition has meant a decreasing interest rate spread. As a consequence of this decrease, a bank may decide to enter the securities and insurance markets to increase its profit margin. This process of conglomeration has accelerated over the past twenty years. The preferences for supervisory consolidation held by domestic conglomerates also hold for global conglomerates; this independent variable only encapsulates domestic conglomeration.

Financial Internationalization and Actors' Preferences

Financial internationalization interacts with different motivations of politicians and regulators. Financial internationalization refers to the extent of operations of global firms in national financial sectors. Global firms offer innovative products, increase the amount of capital available for lending, and enhance the reputation of a country's financial sector. These firms are generally global conglomerates and are often characterized as "too big to fail" because of their interconnectedness across markets and countries. As global firms locate to particular countries, politicians and regulators will seek to further promote the competitiveness of their financial sector by consolidating the regulatory structure. Financial internationalization is an explanation for supervisory consolidation, as well as possibly the result of consolidation—an objective held by politicians and regulators.

The Reverse Causality Question

This last statement reflects an issue of reverse causality, particularly in the relationship between financial internationalization and politicians' preferences. Complementary institutional benefits of locating in a particular country—say, its highly-educated labour supply, strong legal system, and competitive accounting and consulting industries—can make it attractive to global conglomerates and market-specific firms. In this sense, an extremely attractive national financial sector, even with a fragmented regulatory structure, could be highly internationalized. All that is argued here is that, after some time, particularly high levels of internationalization will elicit responses from the country's politicians and regulators that result in regulatory consolidation because politicians recognize the economic benefits of the global firms' local positions (in terms of job

creation or campaign donations) and do not want to encourage movement away from the country's national financial sector, and moreover, want to attract *more* global firms. Similarly, politicians and regulators in other countries may consolidate their regulatory structures in order to attract global firms and thus obtain higher levels of financial internationalization. This means that, in the statistical evidence, there will be a number of countries with highly internationalized financial sectors and highly consolidated regulatory structures *and* a number of relatively less internationalized financial sectors and highly consolidated regulatory structures. If complete data existed for levels of internationalization post-reform and up to the present day, then the presence of reverse causality could be comprehensively tested. A preliminary statistical test is described in a discussion of the dependent variable below, which concludes that reverse causality is *not* present.

Through quantitative and qualitative analysis of recent reform, it is argued here that financial internationalization—which includes the presence of global conglomerates—causes supervisory consolidation in developed countries. Domestic conglomeration does not affect supervisory consolidation because it does not interact with politicians' and regulators' preferences; domestic conglomerates are not as competitive as global firms and cannot make the same threat of exiting the national financial sector.

The British Example and the Influence of Internationalization

The case of supervisory consolidation in Great Britain demonstrates how global conglomerates are pivotal to financial internationalization. London is one of the centres of global finance, one of the most highly internationalized and conglomerated countries in this paper's sample, and its reform was relatively well-documented, in terms of actors' preferences. Moreover, the historical role of Britain in global finance suggests that there is considerable interplay between internationalization and domestic politics. Intensifying flows of capital and the creation of new financial products in the 1960s and 1970s accelerated the internationalization of the City of London. Exchange controls were abolished in 1979, allowing Britain to fully integrate into the international financial markets. Domestic banks in the City began to lose out, as entry barriers broke down: "the big British and foreign multinational banks, and the US and Japanese brokerage houses, were anxious to destroy barriers to entry to the British securities industry as part of a world-wide expan-

sion of their operations." By the mid-1980s, global firms became some of the most influential players in the City: "between 1983 and 1986, 105 stock exchange member firms were the subject of outside participation in ownership; and over 30 of these involved foreign concerns."⁴⁰

The increasing presence of global firms, including conglomerates, in the City forced the Bank of England to professionalize. The Bank shifted from an ad-hoc system of supervision to specified rules and procedures implemented by regulators with legal authority. This shift also meant the Bank assumed the role of agent in a principal-agent relationship with Parliament. Assuming its role as agent meant that the Bank became more independent from entrenched City interests (domestic banks), which were no longer the most important firms in the British financial sector. The Bank faced new incentives: "by its own institutional interest in remaining a leading world financial regulator, a position that in turn depended on London's prominence as a world financial centre; by the need to respond to the demands of bureaucratic politics in Whitehall; and even by the needs of strategically placed professionals inside the Bank to advance their careers by promoting innovatory policies."⁴¹ The rise of global firms in the City and the necessity of a more explicit framework of regulation set the stage for the 1986 Financial Services Act. With the City becoming increasingly populated with foreign firms, which were displacing the privileged position of domestic banks, the government had to establish accessible, understandable regulatory rules. The 1986 Financial Services Act was the first effort to formally establish relationships and accountability between firms and regulators. The Act lessened the complete reliance on self-regulatory organizations (SROs). SROs, private authorities charged with supervising member organizations, previously dominated the British regulatory structure. Though the Act still left much authority in the hands of the SROs, it represented "the first comprehensive attempt to create a unified, statutorily based system of regulation to replace the dispersed and loosely coordinated corporatist arrangements that previously existed in the financial services sector."⁴² Thus, the Conservative Thatcher government was able to, at once, allow the City to maintain a substantial degree of autonomy, while assuring consumers and international firms that regulation now existed on a statutory basis. It was the regulatory regime established by the Financial Services Act that came under fire by the mid-1990s. The Act had created the Securities and Investment Board (SIB), which worked with the SROs and the Recognized Professional Bodies, both influential vestiges of the British self-regulatory tradition. The Bank of England still possessed financial supervisory responsibilities. Different regulators supervised the banking, securities, and insurance markets. As financial internation-

alization further accelerated into the 1990s, it became clear that such a regulatory structure inadequately protected consumers.

Formed in the aftermath of crisis circumstances, the Financial Services Authority (FSA) became the consolidated regulator and supervisor of the British financial sector in 1997. Nine previously separate regulators were consolidated into the FSA, which was given a statutory basis through the Financial Services and Markets Act in 2000. Global conglomerates operating in the British financial sector prefer consolidated supervision. Lord Alexander, Chairman of the NatWest Group, called for the consolidation of the financial regulatory structure in February 1997:

This separation of responsibilities creates inefficiencies. For example, a divided system carries the danger of turf wars. Action is often delayed because SIB must always consider the sensitivity of reaction of the individual regulatory bodies. More fundamentally, the body setting the standards cannot drive through the implementation. No effective commercial organization would work in this way.⁴³

In Great Britain, firms have not hesitated to express their opposition to the compliance costs of regulation. For example, insurance giant Prudential criticized the “overcostly and overcomplicated” British regulatory structure for Prudential’s £20m compliance fees. Prudential CEO Peter Davis said that the firm was “focused on working with the regulators with the intention of rebuilding customer confidence in the industry,” undoubtedly an effort to reduce its compliance costs and regulatory burden.⁴⁴ Such influential firms as Prudential have continually demonstrated clear preferences towards the regulatory structure. It is little surprise, then, that a few weeks after Davis’ statements and in the midst of Prudential’s efforts to enter the banking market, that Securities and Investment Board chairman Andrew Large said that “more efficient and less-restrictive regulation” was necessary to revive consumer confidence.⁴⁵

By 1995, two years before the creation of the consolidated Financial Services Authority, nearly the entire British financial sector was dominated by large conglomerates. According to De Nicoló et al., the total assets of financial conglomerates comprised 91.3 per cent of the combined total assets of large financial firms (including those operating in only one of the banking, securities, insurance markets) in Britain.⁴⁶ Moreover, the market share of the ten largest banks in the UK increased by 21 per cent just between 1994 (42.70 per cent) and 1997 (51.83 per cent), the year of reform.⁴⁷

Global conglomerates prefer to interact with consolidated financial supervisors and will, at times, actively encourage politicians to adopt such models. As an executive at a major American financial services firm with extensive foreign operations explained, "We prefer to deal with a single regulator. It reduces costs and duplication. When we have meetings, we have to bring everyone, the Fed, SEC, to the same table anyway."⁴⁸ An executive at a major British conglomerate with mostly foreign operations confirmed the preference of global conglomerates for the reduced compliance costs associated with consolidated models: "We prefer the consistency of a consolidated supervisor across countries. There are transactional cost benefits, as well as consistency of treatment, associated with these models."⁴⁹ Given the choice of operating in one of two financial sectors, all else being equal, firms will choose to operate in the financial sector with less stringent regulation. This preference for less regulatory stringency is strong, as this 1997 survey, commissioned soon after the announcement of the formation of the FSA, demonstrates:

Commissioned from the Deloitte & Touche consultancy by the Foreign Banks and Securities Houses Association, the survey found that pressure on profits was viewed as the biggest threat facing banks in London. But foreign banks, especially those which did little more than take part in low margin loan syndications, needed to take a hard look at what they were doing in London.⁵⁰

Thus, politicians and regulators face substantial pressure from global conglomerates' preference to reduce the compliance costs of regulation. The most distinct advantage of the British financial sector relative to others, the survey found, is not merely market liquidity, but "expertise in complex financial instruments, product innovation and support from accounting and legal advisers."⁵¹ It is for these reasons that from 1992 to 1997, the British financial sector was the most highly internationalized of this paper's sample, and increasingly so. In 1992, financial internationalization measured just over 100 per cent of nominal GDP, but by the eve of reform in 1997, had reached 130 per cent and rose to over 200 per cent in 2005.

Given its creation in the aftermath of the Bank of Credit and Commerce International (BCCI), Barings, pensions mis-selling scandals, and others, the FSA is guided by three consumer-favouring objectives. Then-Chancellor of the Exchequer Gordon Brown and the Labour Party sought to cast blame on the primary regulator, the Bank of England, and thus ensured a consumer-favouring emphasis in the ensuing regulatory reform. Regulators seek to achieve the objectives of "maintaining market confidence, promoting public awareness, protecting consumers,

and reducing financial crime.”⁵² These objectives are directly intended to address the market failures of excessive information asymmetry between firms and other actors, as well as reducing firms’ incentives to cheat in a competitive business environment. Overall, the objectives are geared towards maintaining systemic stability and a high level of confidence in the financial sector.

Several principles directly address firms’ preferences for an efficient, reduced-cost, and flexible consolidated financial supervisor. The first principle requires the use of resources in the most efficient manner—fines levied upon the firms are directly absorbed by the consumer because firms pay fees to the FSA. Second, the firm’s management is held responsible, which “guides the FSA away from being unnecessarily intrusive and towards placing responsibility on a firm’s management to adopt proper controls.” Third, the FSA is required to conduct a cost-benefit analysis. Fourth, the role of technological innovation in finance and the desire to avoid impeding such innovation are explicitly incorporated into the FSA’s understanding of the country’s financial sector. Fifth, the FSA must take into account the “need to preserve the competitiveness of UK financial markets internationally.” The sixth and seventh principles refer to the necessity of preventing an adverse impact on competition, while simultaneously promoting competition within the financial sector.⁵³

These objectives—mitigating market failures of information asymmetry, fraud, and systemic instability—address consumer concerns, whereas the principles address firms’ concerns. Some have argued that the differing appeals mean that “the ‘regulatory architecture’ is confusing. The FSA has articulated a series of high-level principles, rules and guidance; however, the hierarchical relationship between them frequently is unclear.”⁵⁴

Some empirical evidence on the FSA has been put forth to demonstrate why firms choose to prefer a consolidated supervisor versus a fragmented structure. Compared to the United States, for example, the regulatory burden imposed by the FSA is still relatively light. Funded by the financial services industry, the FSA had an operating budget of \$330 million in 2005, while employing nearly 2,800 personnel to supervise the conglomerated banking, securities, and insurance markets and firms.⁵⁵ This is starkly lower than the regulatory burden imposed by the United States and its substantially less internationalized financial sector. While the total enforcement actions of the FSA numbered 758 between 1997 and 2001, actions taken by the United States’ fragmented financial regulators numbered 10,641 (the adjusted UK figure for market size is 3,319). The total monetary penalty imposed by the FSA between 1997

and 2001 was \$103 million, while the United States imposed \$4,804 million in penalties (adjusted, \$449 million).⁵⁶

After being blamed for failing to recognize emerging areas of systemic risk, the FSA has its days numbered. The Conservative-led government plans to transfer the regulatory portfolio of the FSA to the Bank of England. Under this plan, the regulatory structure would not be fragmented, but rather redistributed to departments within the Bank of England. Given the often halting and cumbersome regulatory process, overhaul in Britain faces debate, criticism, and modification from many angles.

Empirics

Dependent Variable: Variation in Regulation

Financial regulation is generally classified as “safety and soundness,” which focuses on institutional solvency and consumer protection, and “conduct of business,” which emphasizes informational transparency, disclosure, and potential conflicts of interest, in order to protect investors. Consolidation has taken various forms, placing differing levels of responsibility within central banks and/or newly created regulators. There are generally four different approaches to financial regulation that vary in how they conceptualize the financial sector: institutional (according to legal status, i.e., bank, insurance company, and so forth), functional (transaction-focused, not concerned with legal status), integrated (combined safety and soundness with conduct of business), and “twin peaks” (one regulator responsible for safety and soundness, the other for conduct of business).⁵⁷

Regulatory change, the reform of a sector-based model to consolidated model, has varied across countries and over time. In 1985, fewer than five countries featured consolidated models that combined responsibilities for the banking, securities, and insurance markets under a single regulator. The first countries to establish consolidated supervisors were Singapore in 1982 and Norway in 1986. Half a dozen more countries adopted consolidated models by the mid-1990s, and consolidation had occurred in thirty-two countries by 2006.⁵⁸

Rich democracies are focused on these regulations because of their well-developed financial sectors, political transparency and stability, and regulatory tradition. These characteristics are not necessarily present in many of the developing countries considered in other studies on financial supervision. Specifically, the seventeen developed countries considered

in this paper are Australia, Austria, Belgium, Canada, Finland, France, Germany, Great Britain, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Spain, Sweden, and the United States.⁵⁹

The general trend of consolidation masks the sometimes substantial variation of regulatory structures that has occurred across countries. To measure the extent of consolidation, I adopt the ordinal index constructed by Andreas Freytag and Donato Masciandaro, seen in Table 1.⁶⁰ According to the Financial Authorities Concentration (FAC) Index, the range of what I term as consolidation runs from 0 to 7. The FAC Index specifies whether banking supervision is located within or outside of the central bank (before and after reform, if applicable) and the distribution of regulatory responsibilities among supervisors.

The fragmented regulatory structure is exemplified by the United States. The Comptroller of the Currency regulates national banking, while the Securities and Exchange Commission regulates the securities industry, and each of the fifty states has state-level supervisors for insurance firms. Despite the passage of the Gramm-Leach-Bliley Act in 1999, which eliminated the legal barriers to consolidation between banking, securities, and insurance firms created by the 1933 Glass-Steagall Act, the United States has not experienced significant *de jure* change in the institutional structure of its financial regulators.

Though the central bank can be only one actor among several within a country's overall regulatory structure, one of the clearest cross-national distinctions between structures is the relationship between the central bank and (other) regulators. The Irish financial regulatory structure is completely consolidated within the central bank. In Sweden and other countries, a consolidated supervisor exists outside of the central bank. A cursory survey of other developed countries shows variation in the timing of the creation of regulators. For example, Canada created its banking supervisor before its central bank, in contrast to Norway and Sweden, which established central banks long before they created banking supervisors.

Central banks are generally considered to have close relationships with the banking market because of their role in ensuring systemic stability and serving as a lender of last resort. Central banks may be more likely to "rescue" banks that threaten systemic stability.⁶¹ Countries with central banks without financial regulatory authority experience significantly less inflation than countries in which both monetary policy-making and regulatory authority are vested in the central bank.⁶² Acting in the interests of the financial services industry and vested with a regulatory portfolio, in the short run, central banks may pursue an expansionary monetary policy to mitigate banking crises; in the long

run, they may pursue a tighter policy to control the costs of inflation to the financial sector. Hence, it appears that the central bank's role in financial regulation—borne out of concern for systemic stability—has significant macroeconomic and distributive implications.

Table 1: Description of Variations Across Financial Regulatory Structures

Country	Year of Reform	Before Reform	After Reform	Banking	Sec.	Ins.	FAC
Australia	1998	CB	OCB/C	BI, S	BI, S	BI, S	6
Austria	2002	MOF/ CB	OCB/C	C, CB	C	C	6
Belgium	2004	OCB	OCB/C	U	U	U	7
Canada	2006	OCB	OCB/C	BI	SS (**)	BI	3
Finland	1993	MOF	OCB/C	BS	BS	I	5
Finland	2003						
France				CB, B1, B2, B3	CB, S	I	1
Germany	2002	OCB/CB	OCB/ CB/C	C, CB	C	C	6
Italy				CB, S	CB, S	I	2
Ireland	2003	CB	CB/C	CB	CB	CB	7
Japan	2000	MOF/ CB	OCB/ CB	C, CB	C	C	6
Netherlands	2004	CB	CB (tp)	CB, S	CB, S	I, S	2
New Zealand				CB	S	I	1
Norway	1986	OCB	OCB/C	C	C	C	7
Norway	2003						
Spain				CB, BS (**)	CB, S	I	1
Sweden	1991	OCB	OCB/C	C	C		7
Sweden	2003						
United Kingdom	1997	CB	OCB/C	C	C	C	7
USA				CB, B	S, SS (**)	I, IS (**)	0

CB = in central bank; OCB = outside central bank; C = consolidated; Supervisors: B = banking; BI = banking/insurance; I = insurance; MOF = Ministry of Finance; S = securities; BS = banking/securities; SI = securities/insurance; (**) = state regulatory agencies; FAC = Financial Authority Centralization measure ("consolidation"); (tp) = twin peaks model.

Domestic conglomeration is the ratio between total assets held by domestic conglomerates to the nominal gross domestic product (GDP) of the particular country. As of writing, data on the assets of conglomerates held in particular countries was unavailable, for example, the total assets of Citigroup held in France. Instead, firm-level data on the total assets of conglomerates based in each country was obtained from the WorldScope database for the five years prior to reform of the regulatory structure. For out-of-sample countries (those that have not experienced reform), the years 2001-2005 were used, the most current years for which complete data for all countries exists. The means of total assets were divided by 1000 to ensure consistency with nominal GDP data (measured in 000's). The ratios were further divided by 1000 for accessible interpretation.⁶³ Domestic conglomerates were classified according to the Standard Industrial Classification (SIC) Codes and the descriptions provided by the WorldScope database. The "level of domestic conglomeration" refers to the arithmetic mean of conglomeration in a given country in the five years prior to reform (or 2001-2005 for unreformed countries).

Financial internationalization refers to the extent of internationalization of the banking, securities, and insurance markets of a particular country. Data was drawn from the International Financial Statistics (IFS) database at the IMF. The data is based on the share of foreign assets in the commercial banking sector; data for all countries across all banking, securities, and insurance firms for all years is not available. However, the measure of foreign assets in the commercial banking sector is a useful proxy for financial internationalization, since such assets can be held by global conglomerates and/or market-specific firms. Nominal GDP numbers were used for both domestic conglomeration and financial internationalization and were obtained from the OECD. The separation of world assets from national assets would be ideal; this data, though, is unavailable across all years and countries. National currencies were converted to USD\$ at 2005 Purchasing Power Parity (PPP). The "level of financial internationalization" refers to the arithmetic mean of internationalization in a given country in the five years prior to reform (1999-2005 for out-of-sample countries).

In 1999, the adoption of the Euro currency in the Eurozone, to which several countries considered here belong, meant that "foreign shares" no longer includes Eurozone countries. For example, since January 1, 1999, the assets of French firms and consumers deposited in German banks are no longer considered "foreign." This means that the levels of internationalization measured do not fully capture its impact for Austria and

Germany. As something of a correction, levels for the two years prior to the change in data categorization were included in the calculation of the means for Austria and Germany.

Two dummy variables are incorporated in the model. It has been argued that small countries (SMALL), defined here as having a population of less than 20 million persons as of 2000 (the census around which most reform occurred), are more likely to consolidate their regulatory structures for reasons of economies of scale—less supervisory expertise and a large share of the budget required to maintain a fragmented structure.⁶⁴ As a cursory review of the FAC Index shows, there could also be a regional phenomenon present among the Scandinavian countries (SCAN). The values of the independent variables can be seen in Table 2.

Table 2: Values

Country	INTL	DOMCONGL	SCAN	SMALL	FAC
Australia	0.0486	0.831	0	0	6
Austria	0.382	0.980	0	1	6
Belgium	0.540	144.022	0	1	7
Canada	0.00403	1.458	0	0	3
Finland	0.292	0.311	1	1	5
France	0.394	2.270	0	0	1
Germany	0.318	1.784	0	0	6
Ireland	1.540	2.00337	0	1	7
Italy	0.0643	1.329	0	0	2
Japan	0.283	1.536	0	0	6
Netherlands	0.503	37.335	0	0	2
New Zealand	0.111	0.0404	0	1	1
Norway	0.109	0.803	1	1	7
Spain	0.0728	1.175	0	0	1
Sweden	0.283	2.760	1	1	7
UnitedKingdom	1.159	1.642	0	0	7
USA	0.0904	0.689	0	0	0

Empirical Methodology

An ordered logit regression was run to test the explanatory power of domestic conglomeration and financial internationalization on the Financial Authority Concentration (FAC) Index, which ranges from 0 (least

consolidated) to 7 (most consolidated). The Huber/White estimator of variance is used to increase robustness to misspecification in the model. The robust standard errors are reported.

Results and Discussion

Summary statistics and then the results of the ordered logit regression are discussed below. Table 3 summarizes statistics for the dependent variable, consolidation (FAC), and independent variables internationalization (INTL) and domestic conglomeration (DOMCONGL).

Table 3: Summary Statistics

Variable	Mean	SD	Min	Max
FAC	4.353	2.644	0	7
INTL	0.363	0.410	0.00403	1.540
DOMCONGL	11.821	35.172	0.0404	144.0215

As shown in Table 3a, the correlation between internationalization and consolidation is stronger than that between domestic conglomeration and consolidation. Internationalization and domestic conglomeration show little correlation, implying that a high level of domestic conglomeration does not necessarily entail substantial internationalization in a country's financial sector.

Table 3a: Correlations

	FAC	INTL	DOMCONGL	SCAN	SMALL
FAC	1.0000				
INTL	0.451	1.0000			
DOMCONGL	0.203	0.138	1.0000		
SCAN	0.357	-0.158	-0.143	1.0000	
SMALL	0.444	0.212	0.233	0.553	1.0000

Results of the regression model indicate that financial internationalization (INTL) has a statistically significant effect, at $p < .001$, on the level of supervisory consolidation in a country's financial sector (Table 4). Domestic conglomeration (DOMCONGL) is less statistically significant and its effect is substantively inconclusive, given its especially low coefficient. The dummy variable for Scandinavian countries (SCAN) is not significant (though the p-value is close to the .10 level). The dummy variable for small countries (SMALL) actually has the opposite sign of

what is predicted, but its effect is non-significant and negligible. These results contradict Freytag and Masciandaro's claim that the "securitization effect" (their measure of conglomeration) is not a significant independent variable in supervisory consolidation.⁶⁵

Table 4: Results of Ordered Logit Regression

NTL	4.276***
	(1.396)
DOMCONGL	.0241*
	(.0112)
SCAN	3.573
	(2.211)
SMALL	-.931
	(1.235)
Log likelihood	-23.785
N	17
Wald chi2(4)	16.85
Prob> chi2	0.0021

*** $p < .001$

* $p < .05$

Given the values of the independent variables set at their means, the predicted probability of highly consolidated supervision (FAC = 6) is 0.399, and for fully consolidated supervision (FAC = 7), it is 0.233 (Table 5).

Internationalization also has varying statistical significance over the range of the FAC Index. The level of internationalization best explains regulatory structures when they are considerably fragmented (FAC = 1) and highly consolidated (FAC = 7). This result logically follows from the theory presented in this paper: politicians and regulators in minimally internationalized financial sectors feel little pressure from global firms to consolidate their regulatory structures, whereas politicians and regulators in highly internationalized financial sectors are pressured by global firms to pursue consolidation. As the level of internationalization increases from its minimum (seen in Canada) to its maximum (Ireland), the predicted probability of completely consolidated financial supervision increases by nearly 92 per cent. As the level of domestic conglomeration increases from its minimum (seen in New Zealand) to its maximum (the Netherlands), the predicted probability of completely consolidated financial supervision increases by nearly 70 per cent. The marginal effects for

domestic conglomeration indicate that it is not a substantively influential factor. The fact that a country is Scandinavian increases the predicted probability that it will have fully consolidated supervision by 71 per cent (Table 5).

Table 5: Change in Predicted Probabilities for FAC

Indep. Var.	Avg Chg	0	1	2	3	5	6	7
INTL								
Min->Max	.262	-.0914	-.298	-.183	-.0842	-.0703	-.191	.918
Marg. Effect	.284	-.088	-.365a	-.290	-.142	-.108	.229	.765*
DOMCONGL								
Min->Max	.198	-.0270	-.121	-.117	-.0727	-.0739	-.282	.694
Marg. Effect	.00160	-.00049	-.00206	-.00163	-.000802	-.000510	.00129	.00432 ^a
SMALL								
0->1	.0614	.0204	.0816	.0619	.0293	.0216	-.05101	-.164
SCAN								
0->1	.204	-.0378	-.160	-.139	-.0796	-.0758	-.221	.713*
Pr(FAC x)		.0211	.0994	.104	.0689	.0745	.399	.233

^a $p < .10$ * $p < .05$

AvgChgffi: average of absolute value of the change across categories;

Min->Max: change in predicted probability as x changes from its minimum to its maximum;

Marg. Effect: the partial derivative of the predicted probability/rate with respect to independent variables set at their means;

Pr(FACfix): probability of observing each y for independent variables set at their means.

France is an especially interesting case. France has the fifth-highest level of internationalization (0.394) and relatively higher level of conglomeration (2.271), yet one of the lowest levels of supervisory consolidation (1). $\text{Pr}(\text{FAC}(1)) = 0.128$, whereas $\text{Pr}(\text{FAC}(7)) = 0.185$. France is considered to be an exception by some in the comparative political economy literature, and it could be transitioning from a coordinated market economy to a liberal market economy.⁶⁶ In France, there has been little progress in merging existing prudential regulators.⁶⁷ The persistence of a fragmented, sector-based model of supervision in France suggests that,

despite the influence of financial internationalization, there exist substantial institutional complementarities that resist change; additionally, Paris as a financial centre may offer particular comparative institutional advantages that greatly outweigh the costs of fragmented supervision for global conglomerates.

The United States also appears to be an exception. The relatively low level of internationalization presented here (0.0904) may be a function of the US dollar as the world's reserve currency,⁶⁸ notwithstanding the substantial domestic financial sector. Given that New York and London are considered the world's largest financial centres, let us assume that the United States has an equal level of internationalization to that of Great Britain (1.159). The predicted probability of the United States exhibiting its current FAC = 0 is 0.0011. Yet, $\Pr(\text{FAC}(6)) = 0.119$ and $\Pr(\text{FAC}(7)) = 0.852$. This exception could be the result of several reasons. The presence of substantial veto points in the American political system versus the British system could have important impacts.⁶⁹ The extensive veto points in the US system may be particularly conducive to intense lobbying by financial services firms.

Testing Reverse Causality

Numerous countries with only relatively average levels of internationalization (see Tables 2 and 4) moved to especially high levels of supervisory consolidation. This is likely the result of politicians' and regulators' preferences to increase the competitiveness of their financial sector by attracting global conglomerates through consolidation. For example, in Germany, the main lobbying group for universal banks, BDB, and the largest global conglomerate, Deutsche Bank, both supported the creation of BAFIN, the consolidated supervisor. These groups were internationally competitive and eager to reduce compliance costs in a global industry.⁷⁰ Foreign lobbyists appealed to politicians' concerns, as the Foreign Banks Association "warned that if the government did not improve the current tax and regulatory environment, which makes it hard for foreign banks to compete, 'Frankfurt will be reduced to one of the many small and parochial financial centres in Europe which are completely subordinate to London.'"⁷¹ Other observers judged that attracting more internationalized finance was the primary desired outcome of reform by politicians and regulators: "The new authority lays the groundwork for Germany to attract more investors in financial services, even if it will not itself spark investment decisions."⁷²

To test for the possibility of reverse causality, an ordered logit model was employed that assigned an independent dummy variable as FAC_{t-1} (no reform/reform resulting in fragmentation = 0, fragmented and later consolidated = 1) to see its effect on internationalization at a later time (INTLT). Control variables are included. No significant effect was found (Table 6). Scandinavian countries show significant *negative* effects on internationalization at a later time. This result necessitates a further examination of how national institutional frameworks shape regulatory preferences. Preferences for international competitiveness may not be equally strong across all types of legal frameworks and financial systems. In future research, this model could incorporate an ordinal independent variable by re-constructing the FAC Index.

Table 6: Testing for Reverse Causality

FACT	1.446863
	(1.731692)
SCAN	-2.25715*
	(.8991457)
SMALL	2.238359 ^a
	(1.245937)
N	17
Wald chi2(3)	7.48
Prob> chi2	0.0580

* $p < .05$

^a $p < .10$

One could further argue, on the basis of hegemonic market power or policy diffusion, that countries moved to consolidated financial supervision in the wake of London's decision in 1997. Yet that does not account for the distinctly regional phenomenon of reforms in Finland, Sweden, or Norway, nor does it account for why the Netherlands chose to adopt a relatively less consolidated "twin peaks" model and why Canada remains most fragmented. It seems that the interactions between financial internationalization and domestic politics play crucial explanatory roles.

Conclusion

This paper has argued that the extent of financial internationalization in a given national financial sector can explain supervisory consoli-

dation. Domestic conglomeration was not found to have any substantive effect on consolidation. Financial internationalization, however, is not merely an exogenous force of globalization. It is interacting with the preferences of politicians and regulators, who seek to promote the international competitiveness of their financial sectors and are constrained by global firms' ability to exit their countries. This interaction results in outcomes of consolidated supervision.

As the previous examples of France and the United States, as well as the discussion of Britain, suggest, the domestic institutional setting has a substantial impact on the nature of regulation and preferences towards regulation.⁷³ This is evidenced by the present debate in the United States over the drawbacks of a fragmented structure (regulatory arbitrage) versus a consolidated structure (regulatory capture). The regional Scandinavian phenomenon (significant *negative* relationship between previous regulatory structure and later internationalization) suggests that particular legal frameworks and financial systems need to be further studied. Focusing on these frameworks would give a clearer picture of the aggregation of preferences in supervisory consolidation. In sum, research ought to be further pursued on the comparative institutional advantages of national settings, as they influence the preferences of politicians and firms, and on the implications of distinct institutional frameworks on regulatory outcomes in financial regulation at the international level.■

Notes

¹ The author notes that this paper is based on his undergraduate thesis at Harvard University. He thanks Walter Mattli, Francis Shen, and Kenneth Stanley for their comments, Peter Hall, Rebecca Nelson, and Beth Simmons for their thesis evaluations, and Jeffry Frieden for his supervision.

² By "move," it is not meant that a firm's headquarters will necessarily completely leave a country that has increased duplicative regulation. But, any *future* location decisions will consider the duplicative regulatory burden in the country and firms will be more likely to set up subsidiaries and other legal entities in jurisdictions with a lower burden.

³ See Ngairé Woods, ed., *The Political Economy of Globalization* (New York: Palgrave Macmillan, 2000); and Jeffry A. Frieden and Ronald Rogowski, "The Impact of the International Economy on National Policies: An Analytical Overview," in *Internationalization and Domestic Politics*, eds. Robert O. Keohane and Helen V. Milner (Cambridge: Cambridge University Press, 1996), 25–47.

⁴ See Susan Strange, "Finance in Politics," in *Authority and Markets: Susan Strange's Writings on International Political Economy*, eds. Roger Tooze and Christopher May (New York: Palgrave Macmillan, 2002), 107.

- ⁵ See Beth Simmons, "The International Politics of Harmonization: The Case of Capital Market Regulation," *International Organization* 55, no. 3 (2001): 589–620.
- ⁶ See Daniel W. Drezner, *All Politics is Global* (Princeton, NJ: Princeton University Press, 2007).
- ⁷ See Walter Mattli and Ngaire Woods, eds., *The Politics of Global Regulation* (Princeton, NJ: Princeton University Press, 2009).
- ⁸ See David Singer, *Regulating Capital: Setting Standards for the International Financial System* (Ithaca, NY: Cornell University Press, 2007).
- ⁹ See Miles Kahler and David A. Lake, eds., *Governance in a Global Economy: Political Authority in Transition* (Princeton, NJ: Princeton University Press, 2003).
- ¹⁰ Miles Kahler and David A. Lake, *PS: Political Science and Politics* 37, no. 3 (July 2004): 409–14, 412; see also Barry Eichengreen, "Governing Global Financial Markets: International Responses to the Hedge-Fund Problem," in *Governance*, eds. Kahler and Lake.
- ¹¹ Benjamin Cohen, "Money in a Globalized World," in Woods, ed., *Political Economy*, 77–8.
- ¹² See Geoffrey Garrett, "Shrinking States? Globalization and National Autonomy," in Woods, ed., *Political Economy*; Jeffery A. Frieden, "Invested Interests: The Politics of National Economic Policies in a World of Global Finance," *International Organization* 45, no. 4 (1991): 425–51.
- ¹³ See Jeffery A. Frieden, "Actors and Preferences in International Relations," in *Strategic Choice and International Relations*, eds. David A. Lake and Robert Powell (Princeton, NJ: Princeton University Press, 1999).
- ¹⁴ George Stigler, "Theory of Economic Regulation," *Bell Journal of Economics and Management Science* 2, no. 1 (1971): 3–21, 3.
- ¹⁵ Randall S. Kroszner and Philip E. Strahan, "Obstacles to Optimal Policy: The Interplay of Politics and Economics in Shaping Bank Supervision and Regulation Reforms," *SSRN Working Paper Series*, August 22, 2000.
- ¹⁶ See Simon Johnson, "The Quiet Coup," *Atlantic Monthly*, May 2009.
- ¹⁷ See Mancur Olson, *The Logic of Collective Action: Public Goods and the Theory of Groups* (New York: Schocken Books, 1965).
- ¹⁸ Gary Becker, "A Theory of Competition among Pressure Groups for Political Influence," *Quarterly Journal of Economics* 98, no. 3 (1983): 371–400, 372.
- ¹⁹ Sam Peltzman, Michael E. Levine, and Roger G. Noll, "The Economic Theory of Regulation after a Decade of Deregulation," *Brookings Papers on Economic Activity* (1989): 1–59, 20.
- ²⁰ Lucia Quaglia, "Explaining the Reform of Banking Supervision in Europe: An Integrative Approach," *Governance* 21, no. 3 (2008): 439–63, 445.
- ²¹ See Martin Cihak and Richard Podpiera, "Are More Integrated Prudential Supervision Agencies Characterized By Better Regulation and Supervision?," paper present-

- ed at the 2nd Annual Conference on Empirical Legal Studies, New York, November 10, 2007.
- ²² Ibid.
- ²³ Friedrich Heinemann and Martin Schuler, "A Stiglerian View on Banking Supervision," *Public Choice* 121, no. 12 (2004): 99–130, 102.
- ²⁴ Heinemann and Schuler, "Stiglerian," 123.
- ²⁵ Ibid., 102.
- ²⁶ Kroszner and Strahan, "Obstacles," 4.
- ²⁷ Frances Rosenbluth and Ross Schaap, "The Domestic Politics of Banking Regulation," *International Organization* 57, no. 2 (2003): 307–36, 312.
- ²⁸ Ibid., 313.
- ²⁹ Heinemann and Schuler, "Stiglerian," 101.
- ³⁰ Mattli and Woods, *Politics*, 17.
- ³¹ Douglas W. Diamond and Philip H. Dybvig, "Banking Theory, Deposit Insurance, and Bank Regulation," *The Journal of Business* 59, no. 1 (1986): 55–68, 67.
- ³² See Jith Jayaratne and Philip E. Strahan, "The Finance-Growth Nexus: Evidence from Bank Branch Deregulation," *Quarterly Journal of Economics* 111, no. 3 (1996): 639–70.
- ³³ See Robert G. King and Ross Levine, "Finance and Growth: Schumpeter Might be Right," *Quarterly Journal of Economics* 108, no. 3 (1993): 717–37.
- ³⁴ See Kroszner and Strahan, "Obstacles," 4.
- ³⁵ Heinemann and Schuler, "Stiglerian," 101.
- ³⁶ See Mattli and Woods, *Politics*, 22.
- ³⁷ See Singer, *Regulating*, 22.
- ³⁸ Ibid., 4.
- ³⁹ Stephen Harris, "Regulating Finance: Who Rules, Whose Rules?" *Review of Policy Research* 21, no. 6 (2004): 743–66, 746.
- ⁴⁰ Michael Moran, *The Politics of the Financial Services Revolution: The USA, UK and Japan* (New York: Palgrave Macmillan, 1991), 68–9.
- ⁴¹ Ibid., 67.
- ⁴² Ibid., 57–58.
- ⁴³ Lord Alexander, "Bring It All Under One Roof," *Financial Times*, February 28, 1997.
- ⁴⁴ Robert Miller, "Pru Makes Clear its Fury Over £20M Bill for City Regulation," *The Times*, September 14, 1995.
- ⁴⁵ The Times, "SIB Offers Life Firms a Less Tough Regime," October 5, 1995.

⁴⁶ Gianni De Nicoló, Philip Bartholomew, Jahanara Zaman, and Mary Zephirin, "Bank Consolidation, Internationalization, and Conglomeration: Trends and Implications for Financial Risk," *Financial Markets, Institutions & Instruments* 13, no. 4 (2004): 173–217, Table 8. They limit their global sample to the 500 largest financial institutions in the world, twenty-eight of which were located in the UK in 1995. My sample includes all British conglomerates.

⁴⁷ Author's calculations, derived from Bankscope. Assets of the top 10 banks expressed as a percentage of the assets of the banking system.

⁴⁸ The names of interviewees are withheld by mutual agreement. Interview with US financial services executive, New York, December 16, 2008.

⁴⁹ Phone interview with British financial services executive, February 2, 2009.

⁵⁰ George Graham, "Overseas Banks Warned on London," *Financial Times*, November 27, 1997.

⁵¹ Ibid.

⁵² Andrew Sykes and Terry Allen, "United Kingdom," in *Handbook Of Central Banking And Financial Authorities In Europe: New Architectures in the Supervision of Financial Markets*, ed. Donato Masciandaro (Cheltenham: Edward Elgar, 2005), 147.

⁵³ See *ibid.*, 146–7.

⁵⁴ Amelia Fawcett, "Examining the Objectives of Financial Regulation—Will the New Regime Succeed? A Practitioner's View," in *Regulating Financial Services and Markets in the 21st Century*, eds. Elis Ferran and Charles A. E. Goodhart (Oxford: Hart Publishing, 2001), 47.

⁵⁵ See Howell Jackson, "An American Perspective on the UK Financial Services Authority: Politics, Goals, and Regulatory Intensity," *Harvard John M. Olin Discussion Paper Series*, no. 522 (2005), 35.

⁵⁶ See *ibid.*, 42.

⁵⁷ Group of Thirty, *The Structure of Financial Supervision: Approaches and Challenges in a Global Marketplace* (Washington, DC: Group of Thirty), available at <http://www.economicpopulist.org/files/us—fsi—banking—G30%20Final%20Report%2010-3-08.pdf> (accessed January 18, 2011).

⁵⁸ See Martin Čihák and Richard Podpiera, "Experience with Integrated Supervisors: Governance and Quality of Supervision," in *Designing Financial Supervision Institutions: Independence, Accountability, and Governance*, eds. Donato Masciandaro and Marc Quintyn (Cheltenham: Edward Elgar, 2007), 311.

⁵⁹ Ideally, even more developed countries would be included; this was not possible due to lack of complete data availability for the time period studied.

⁶⁰ See Andreas Freytag and Donato Masciandaro, "Financial Supervision Architecture and Central Bank Independence," in *Designing*, eds. Masciandaro and Quintyn, 225–8.

⁶¹ See Charles Goodhart and Dirk Schoenmaker, "Should the Functions of Monetary Policy and Banking Supervision be Separated?," *Oxford Economic Papers* 47, no. 4

(1995): 539–60; and Mark S. Copelovitch and David Andrew Singer, “Financial Regulation, Monetary Policy and Inflation in the Industrialized World,” *Journal of Politics* 70, no. 3 (2008): 663–80.

⁶² See Carmine Di Noia and Giorgio Di Giorgio, “Should Banking Supervision and Monetary Policy Tasks be Given to Different Agencies?,” *International Finance* 2, no. 3 (1999): 361–78.

⁶³ The original coefficients were not interpretable, and indicated that the model was pushing limits of the computing algorithms calculated by Stata. Thanks to Kenneth Stanley for pointing this out.

⁶⁴ See David Llewellyn, “The Economic Rationale for Financial Regulation,” *FSA Occasional Papers in Regulation*, no.1 (1999); Charles Goodhart, Dirk Schoenmaker, and Paolo Dasgupta, “The Skill Profile of Central Bankers and Supervisors,” *European Finance Review* 6 (2002): 397–427.

⁶⁵ See Andreas Freytag and Donato Masciandaro, “Financial Supervision Architecture.”

⁶⁶ See Michel Goyer, “Varieties of Institutional Investors and National Models of Capitalism: The Transformation of Corporate Governance in France and Germany,” *Politics & Society* 34, no. 3 (2006): 399–430.

⁶⁷ See Group of Thirty, *Structure*, 103.

⁶⁸ Thanks to Peter Hall for pointing this out.

⁶⁹ For a US–Germany comparison on the issue of veto points and regulation, see Richard Deeg and Susanne Lütz, “Internationalization and Financial Federalism: The United States and Germany at the Crossroads?,” *Comparative Political Studies* 33, no. 3 (2000): 374–405.

⁷⁰ See *ibid.*, 398.

⁷¹ Jan Wagner, “A Towering Achievement, but No Complacency,” *The Banker*, January 1, 2003.

⁷² Wolfgang Gerke cited in Hugh Williamson, “New Regime Takes Root,” *Financial Times*, June 12, 2002.

⁷³ Masciandaro and Quintyn, *Designing*, do study the impact of different legal systems and financial systems on supervisory consolidation and find varying results.

***Stefan Halper. The Beijing Consensus:
How China's Authoritarian Model Will Dominate
the Twenty-First Century.***

New York: Basic Books, 2010. 312 pp. £17 (hbk).

ISBN: 978-0-465-01361-6.

DILANI HIPPOLA (London School of Economics and Political Science)

Stefan Halper has produced a lucid and insightful analysis of the complex and contradictory nature of China's rise. Debunking many of the "China threat" myths persistent in popular literary and foreign policy circles, Halper suggests that the real threat China presents to the West is neither military nor economic, but ideational. Focusing his analysis on the US-China relationship, Halper opines that the most significant challenge for the United States lies in the rise of a new Chinese brand of capitalism—"market authoritarianism"—and a Chinese conception of international society that undermines and threatens Western liberal values and American predominance on the world stage.

Halper examines the complexities of China's ongoing experiment with market authoritarianism in an attempt to discern its implications for US foreign policy interests and contemporary notions of world order. With an insatiable domestic growth imperative and a deep-seated fear of social chaos, China has wedded the economic opportunities afforded by open markets to the social stability afforded by centralized one-party rule. While Halper acknowledges that China's external relations are largely motivated by domestic demands, rather than any grand intention to usurp Western hegemony or project its own model onto other nations, he chronicles with alarm China's rapidly deepening ties with resource-rich, corrupt regimes throughout Asia, Africa, Latin America, and the Middle East. He illustrates "the China effect," where China moves in to fill the void left by Western governments who withhold assistance to corrupt regimes on moral grounds, thereby securing China's strategic access to vital natural resources. In return, China offers other developing nations a path around the West, the "conditionalities" of its international financial institutions, and the imposition of its liberal values of democracy and human rights. Moreover, in the wake of the failed Washington

Consensus, the perceived foreign policy debacles of Iraq and Afghanistan, and the recent global economic crisis, China offers the hope of a new, more stable growth trajectory under the watchful eye of government – capitalism “with Chinese characteristics.” While the West rests on its laurels, Halper portrays the developing world as quietly shifting its admiration and allegiance towards the East.

Halper provides an especially valuable service by cutting through the “either/or” scenarios common to the existing literature on China. He debunks both the widespread “China threat” literature that views Beijing as a ruthless competitor in search of hegemonic rule, as well as the “myth of inevitability,” which suggests that China will inevitably conform to the US-led system and Western liberal order as it integrates into global markets. These oversimplified analyses betray the complexity of Chinese politics and society. Halper points out that China is a veritable Jekyll and Hyde. On certain issues, China has earned the title of “responsible stakeholder” in international society, playing a central role in the Six-Party Talks with North Korea and in international collaboration following the Asian financial crisis of 1997 and global economic downturn of 2008. In other areas China has obstructed efforts of the West to confront some of the world’s most oppressive regimes, playing “the iniquitous partner [...] to the malcontents of international society” (p. 93). Its apparent dual identity on the world stage reflects a domestic landscape filled with contradictory interests. In the same vein, Halper suggests that Washington’s tendency to view China through single-issue lenses will be its downfall.

Suggesting that China’s normative influence represents its greatest threat to the United States, Halper prescribes a “global struggle to assert and sustain the primacy of Western values” (p. 252). He suggests that America must limit China’s soft power through an “American charm offensive” (p. 237) and through multilateral initiatives that bolster American interests, thus exploiting China’s fear of international criticism and exclusion from international “clubs.” Here, it appears that Halper has been confounded by the same challenge of issue framing as has Washington. China’s market-authoritarian model has indeed threatened the credibility of Western liberal notions of world order and US ideational hegemony. However, as Halper himself suggests, “China hasn’t deliberately set out to diminish the power of the Western bloc or the appeal of its brand” (p. 214). Rather, the success of its market authoritarian model has garnered appeal at a time when the world has become disenchanted with a Western development paradigm that has proven largely ineffective in much of the developing world. Western ideational power has lost ground and China is beginning to fill the void.

What, then, will constitute America's charm offensive? If Western liberal values are indeed more "charming" than the promise of rapid economic growth and social cohesion, why is the Chinese model so admired throughout the developing world? Moreover, what nation would risk their economic relationship with China today in order to support multilateral initiatives that bolster American values? Perhaps the West can draw some insight from Halper's praise of China's "bamboo policy" of "bending in the wind rather than standing straight and eventually snapping" (p. 144). Perhaps, instead of an American charm offensive, the United States would be wise to bend to the winds of global change that are ushering in a new, multipolar world order, rather than struggling to maintain the fragile primacy of Western values. ■

Wang Gungwu and Zheng Yongnian, eds.
China and the New International Order.

London: Routledge, 2008. 322 pp., £90 (hbk), £25 (pbk).
 ISBN: 978-0-415-54645-4.

YU ZHAO (St Antony's College, University of Oxford)

China and the New International Order is an impressive volume, bringing together a group of Chinese and Western scholars of Chinese politics and society to focus on the place of China in the new global order. It is widely accepted by academics that China has become a force for change in international relations; the authors of this volume, who number among them leading China watchers such as the collection's editors Wang Gungwu and Zheng Yongnian, examine how China is coping with its own rise rather than how the world is dealing with it, the latter topic having received much attention elsewhere. In this, the editors see themselves as inheritors of the intellectual tradition established by the late Harvard University China scholar John King Fairbank, who emphasized Chinese domestic factors in developing an understanding of the country's international behaviour.

The fifteen essays in the volume are organized into four thematic sections. The first section discusses several key issues in understanding China's international behaviour, including the Chinese historical perspective on world order, the Chinese theory and practice of sovereignty, Chinese nationalism, and the changing civil-military relationship in China. Sections two and three examine Chinese international behaviour in the context of globalization and regionalism, both of which are platforms for the interaction between China and the world and, therefore, in an age of interdependence, means for the mutual impact and constitution of the Chinese state and other international actors. Lastly, a closing section introduces readers to new academic discourses taking place in China that challenge the notion that the study of China's international relations can be carried out primarily through Western methods and theories.

An important strength of the volume is that it not only discusses the real practices that constitute and shape China's international behaviour, but also pays considerable attention to the ideational forces behind this behaviour as essential for understanding China's relationship with the world. In other words, the editors address how Chinese themselves perceive the world order, including the very centrality of the idea of international order in the Chinese worldview.

Wang Gungwu's essay provides readers with a grand historical perspective on the meaning of international order for the Chinese. He suggests two underlying and longstanding ideational factors which are indispensable to China's foreign relations. First, a tradition of thinking strategically among both civil and military leaders originating in pre-imperial times. And second, a vision of change as the major theme of history, where change is understood in a complex way as something that may, or indeed may not, occur frequently, rapidly, and with satisfactory results. This set of ideas about China's external relations significantly shapes Chinese views of and attitudes towards reforming the international order, as well as the country's self-positioning in the world. As Wang shows, these persistent ideational forces incline China to behave as a *status quo* power, one which focuses on maintaining the strength of "three major strands" that already exist in today's system, namely, "a balanced and restraining multi-polar system," "a rule-based global market economy," and "a world of modern, rational, and 'secular' civilizations" (p. 28).

Shan Wenhua's essay focuses on Chinese concepts of sovereignty. His main finding is that China's official perception of "abstract sovereignty," where the state is the ultimate source of authority in international politics, has hardly changed. Its notions of "concrete sovereignty," however, may have been compromised in some realms to suit the needs of the times, for example, in international economic relations. Still, Shan's analytical framework does not provide insight into the possible interaction between abstract and concrete sovereignty, where changes in one have the potential to affect a transformation in the other. Furthermore, since such double-layered understandings of sovereignty exist in many countries, Shan perhaps owes readers a more expanded account in order to prove the uniqueness of Chinese concepts about sovereignty.

Zhang Yongjin's essay examines how Chinese policy and academic communities view the changing international order. He provides an informative analysis of the discourses around three concepts, namely, power, security, and globalization. Whilst these are, no doubt, three essential concepts in understanding Chinese views of the emerging global order, readers may be left unclear about the author's criteria in the selection of concepts to analyze. Other key concepts, such as nationalism or culture, are also worth discussing.

Overall, the essays by Wang, Shan, and Zhang attempt to point out the key elements in the Chinese worldview that are distinctive to China. Many Chinese international relations scholars recognize these elements, and some have made calls to establish a Chinese school of international relations. Ren Xiao's concluding essay assesses the systematic search

within the Chinese scholarly community to theorize Chinese perspectives and beliefs about the world. However, that Ren is a strong proponent of establishing the Chinese school, and is clearly keen to advance this agenda, to a certain extent leads his essay to present an imbalanced picture. Further analysis of the driving forces behind these efforts and the underlying worldviews of the scholars involved should permit a more detached and self-reflective assessment.

In sum, this is an inspiring volume offering multidimensional interpretations of a rising China's interactions with the transforming international order. It fulfils the task set by its editors: to integrate inside-out with outside-in approaches to the study of China's rise and its implications for world order. ■

Deborah Brautigam. The Dragon's Gift: The Real Story of China in Africa.

Oxford: Oxford University Press, 2009. 416 pp. £25 (hbk).

ISBN: 978-0-19-955022-7.

Ian Taylor. China's New Role in Africa.

Boulder, CO: Lynne Rienner Publishers, 2008. 227 pp. £49 (hbk),

£23.50 (pbk).

ISBN: 978-1-58826-736-8.

JIAJUN XU (St Antony's College, University of Oxford)

China's intensifying engagement with Africa has fuelled unprecedented debate on the implications of the so-called China factor for African development. Yet, many of the currently dominant frameworks, such as "neocolonialism" or "win-win cooperation," are neither sufficient nor even particularly helpful tools for understanding the complex and dynamic phenomenon of "China-in-Africa." Deborah Brautigam's *The Dragon's Gift* and Ian Taylor's *China's New Role in Africa* present more balanced appraisals, shedding valuable and complementary light on the subject.

Both authors oppose monolithic views of "China" and "Africa." They argue that we should think in terms of "many Chinas" and "many Africas," with complex interests playing out within each category. For instance, Taylor points out that "unpacking the loaded term 'China' becomes increasingly urgent" (p. xx), not only because many medium- and small-sized Chinese enterprises in Africa are increasingly falling outside of the control of the Chinese government, but also because it is often African actors themselves who, actively and diversely, engage with China. For these reasons a unitary notion of China or Africa cannot tell the whole story, which calls for a more nuanced evaluation of the interactions of diverse actors, including government agencies, civil society actors, and business enterprises.

Taylor and Brautigam weigh both positive and negative impacts of China's engagement with Africa. In particular, they point out that certain of the so-called negative consequences of Chinese engagement long pre-dated China's involvement in the African continent. Hence, Taylor

contends that it is unfair to “make China a scapegoat for very real,” and often pre-existing, “structural problems” in Africa (p. 165). Brautigam, meanwhile, takes the optimistic view that China’s “novel approach”—where China loans large sums of money to African states on the condition that those states use Chinese machinery and services in building up their infrastructure and industry—“is a practical way to address the ‘natural resource curse’ that plagues so many African countries” (p. 307). On the other hand, both authors also accept that China’s generally “hands-off approach,” where the country provides aid without political strings attached, frequently works to the principal advantage of African elites, and may even do harm to the citizens of African states. On balance, however, Taylor and Brautigam are in agreement that the often misinformed and disproportionate alarm in the Western media regarding Chinese involvement and its consequences for African development should not overshadow that opportunities do exist for China to better African development prospects.

As already indicated, both authors highlight the central role of African actors, including political leaders as well as civil society groups, in shaping their countries’ encounter with China. It is in recognition of the importance of such dynamics that Taylor, for instance, makes the strong claim that “only Africans can develop their continent and its natural resources, not China or any other state, for that matter” (p. 165). Both he and Brautigam emphasize that it is ultimately the responsibility of African leaders and peoples to use China’s engagement as leverage to promote development.

But in addition to the African domestic context, the two books under review also suggest that to fully understand the approaches taken by Chinese actors in Africa it is also essential to trace the character of China’s role in Africa to the Chinese domestic context. Taylor points out that Chinese business activities in Africa follow the same logic as in China, where cuts in employee welfare are seen as setting the stage for economic development. Brautigam similarly shows that China’s economic engagement with Africa is powerfully influenced by China’s own experience of development.

In terms of what policymakers in the West can take away from these books, both authors recommend that the West should engage China in an effort towards mutual learning and the sharing of experiences in overcoming the common challenges faced by outside actors in Africa. Taylor thinks that ultimately there can be a “growing convergence between Chinese and Western policy aims” with regard to governance and security in Africa (p. 173). Brautigam, for her part, concludes with a chapter entitled “Engaging China” and urges that “the United States,

Europe, and Japan should continue to engage China as a 'responsible stakeholder' in Africa" (p. 311).

In all, both books make a crucial contribution to the academic dialogue on rethinking China's role in African development. Their evaluation is more comprehensive and balanced than readers of this literature have become used to. More importantly, they put forward a promising research agenda for the future, one which would go beyond the monolithic view of China-in-Africa to investigate how different actors interact with one other and identify the winners and losers.

Still, a significant element missing from both books is a consideration of China-in-Africa as part of the broader international development system. What challenges confront this system with the rise of emerging powers? Will China's increasing participation in international development influence the norms of the current aid regime? Is mutual learning taking place between China and the established donors? If so, what are the driving forces? Does China's rise require a rethinking of existing aid policies and practices, grounded in a neoliberal development discourse? To what extent will the phenomenon of China-in-Africa thus result in a change in the development policies of the major international development agencies? No doubt some of these questions lie beyond the scope of the books by Taylor and Brautigam, but it is to be hoped their works will help inspire further inquiry along these and other lines. ■

Lowell Dittmer and George T. Yu, eds. China, the Developing World, and the New Global Dynamic.

Boulder, CO: Lynne Rienner, 2010. 251 pp. £53.50 (hbk), £17 (pbk).
ISBN: 978-1-58826-700-9.

MANUELA S. ZONINSEIN (St Hilda's College, University of Oxford)

China's growing economic clout, its international diplomatic influence, and its willingness to participate in global affairs as a "responsible stakeholder" looks set to continue to occupy not just the news headlines but academia as well. More often than not, however, the academic discourse focuses either on China's position vis-à-vis wealthy industrialized nations (Germany and Japan, for example, both of which China overtook in terms of GDP in the past year), or on a binary opposition between China and the United States, in accordance with the "US bilateral 'hub-and-spokes system'" which Beijing would arguably like to eliminate (p. 3). In so far as analysis touches on the relationship between China and the developing world, the debate is often simplistic, for instance grouping together Brazil, Russia, India, and China under a singular rubric as an emerging next generation of world powers; or else hysterical, as per China's dealings in Africa, with articles on this subject tinged by fear and doubt regarding the Eastern giant's motivations. With the release of this collection of scholarly essays, edited by Lowell Dittmer and George T. Yu, the discussion of China's role in the developing world gains more nuance and legitimacy as worthy of future, and deeper, investigation.

The ten chapters, which include two articles by Dittmer to open and close the book, focus on distinctive regions of the developing world and demonstrate how China's foreign policy engagement varies depending on the location. The first section explores the political and economic dimensions of China's role in the developing world. The second and third sections examine China's impact both on countries within its immediate geopolitical "neighborhood," as well as on countries that are more geopolitically removed and whose cultural-historical ties to China might be seen as less mature and more superficial. The former group of developing nations, in South and Southeast Asia, might constitute a security threat in terms of political, economic or even military considerations; this in turn colours their treatment by China. On the other hand, China's relations with countries in Africa, the Middle East, and Latin American

are heavily influenced by China's rhetorical emphasis on shared political-economic interests as part of its "harmonious world" policy.

The book's structure follows in accordance with a point made by Dittmer in the opening chapter, "China and the Developing World," where he urges that, "Developing countries are now more diverse both politically and economically than ever before, and [therefore] it has become more complicated to characterize China's developmental path as well" (p. 9). In South Asia, "recent transformations among China's neighbors have created an imperative for adopting a more disaggregated regional policy," (p. 84), whereas in Latin America China appears to treat the entire region uniformly. In India, China pursues "a policy of reluctant competition," according to Lawrence Saez, who co-authors "China and South Asia: Strategic Implications and Economic Imperatives" with Crystal Chang (p. 4). Alternatively, in "China and Latin America: Development Challenges and Geopolitical Dilemmas," Nicola Phillips argues that the Chinese regime is anxious to avoid the perception that its regional expansion is a geopolitical threat to the United States.

These regional insights notwithstanding, with so many distinctive countries, cultures, and histories brought together in the volume, it is difficult to identify any general conclusions about how the domestic politics and rates of development of China's partners in the developing world impact the nature of bilateral relations. If anything, readers will be impressed with the intricacies entailed in China's foreign policy analysis. Future studies will have to delve deeper, perhaps making stronger theoretical choices, grouping together for analysis, for example, countries where China has the longest history, the most influence, or the greatest economic presence. With this collection laying the groundwork, hopefully such projects will shortly appear. Due to the diversity of regions and only minimal attempts at cross-regional comparison, however, the chapters stand on their own as useful articles to reference depending on the reader's interests, rather than as a coherent collection.

Other features that remain strikingly absent from the book are discussions of energy and the environment, a surprising omission given that these issues drive much of China's initiatives in Africa, Central Asia, and Latin America. These are topical categories of study as well, as energy is inherently tethered to the question of development, and environmental issues are finding themselves more and more at the forefront of nations' foreign policies. In this regard China is no different, even as it attracts greater media attention.

Nevertheless, this collection is an important flag in the sand for those who study China and its increasing presence in the developing world. It demarcates an important and growing new field with clarity and rigor.

Only through careful country- and region-specific study, bolstered by creative thematic cross-regional analysis, can we appreciate the complex and nuanced roles China now plays across the world, not just in its relations with the so-called First World, but in the developing world as well. This book thus provides a valuable point of departure for area research in a global context. ■

***Pranab Bardhan. Awakening Giants, Feet of Clay:
Assessing the Economic Rise of China and India.***

Princeton, NJ: Princeton University Press, 2010. 192 pp. £17 (hbk).

ISBN: 978-0-691-12994-5.

VINÍCIUS RODRIGUES VIEIRA (Nuffield College, University of Oxford)

Much is written about the rise of emerging powers in the contemporary world, especially the two Asian giants, China and India. However, scholars still do not fully understand either the roots or the long-term sustainability of the process of “rising” economic and political power in the international system. Pranab Bardhan, professor of economics at the University of California, Berkeley, attempts to fill both gaps with his book, which is of potential appeal to both the general as well as the academic audience interested in the pressing topic of emerging powers.

Contrary to popular belief, Bardhan argues that the source of China’s and India’s economic and political ascent is not to be found simply in these countries’ integration into the global economy. His observation is that both China and India’s **opening up to global markets was preceded** by domestic reforms. Rather than merely embracing liberalism, these countries undertook domestic reforms that relaxed state-intervention in the economy, either through decentralization (as in the case of China since the end of the 1970s) or through decreasing public control over the economy (as in India in the 1980s). In addition to showing these parallels, Bardhan draws useful contrasts between the two countries in order to demonstrate the diversity of interactions between markets and political-structural forces.

In the Indian case, Bardhan points out that the actual impact of deregulation on the country’s progress is unclear, given that most of India’s active population remains employed in the informal sector of the economy. As Bardhan shows throughout the book, compiling data drawn from other scholars, Indian society benefited from integration into the world economy in an uneven manner. For instance, 27.5 percent of the Indian population remains below the poverty line, whereas in China this figure is just 5.2 percent (p. 92).

Concerning poverty reduction, what made the difference in China, stresses Bardhan, was state social investment in rural areas, including in education and health. In the 1980s, while China was making these investments, the Indian peasantry, by contrast, were neglected by processes of development. Moreover, whereas China’s expansion is rooted

in labour-intensive activities—which generate wealth redistribution through wages—India's growth remains dependent on service sectors, notably capital-intensive services such as information and communication technologies. Of course, the Chinese story is not entirely positive: for one thing, China has shrunk its state social protection schemes by charging fees for public services such as health care.

So much for Bardhan's "awakening giants." But what of the two giants' "feet of clay"? These, for Bardhan, are made of more than merely the legacy of poverty and inequality of opportunity that modernization has left behind. To understand many of the major challenges facing China and India, one needs also to look at their political systems. These systems might, with some reservations, have been working well to attain economic growth, but they may soon reach their limits. Democracy in India has not meant a better life for most Indians. Even here, processes of domestic accountability remain incipient, perhaps as much as in authoritarian China.

The Chinese system, for its part, has permitted some degree of innovation in society and the economy, without at the same time weakening the central government, through processes of *de facto* decentralization. But the government's insistence on maintaining a strong grip on authority at the center comes at some cost. As Bardhan says: "China's leadership can be more decisive and purposeful in pursuit of economic reform and long-term strategy, but in the absence of institutionalized checks and balances and of a rule-based system, there is a certain fragility in governance even in an otherwise strong state, and a danger of heavy-handedly overreacting to crisis situations," such as social unrest (p. 126). Despite recent advances, India also finds itself caught in domestic-institutional deadlock, insofar as rent-seeking still pervades the state, in turn constraining reform.

In sum, the main lesson Bardhan leaves his readers with, at least for academics concerned with international affairs, is that an assessment of state capabilities remains incomplete until one looks at internal power dynamics. What in the short run may represent an advantage, such as centralized decision-making authority, in the long run may constrain domestic development and, as a result, a state's ability to project power in the international system. Bardhan does not himself develop a theory of the links between domestic and foreign policy. However, his data and insights should stimulate other scholars to detail the links more precisely. Such efforts will be essential to our understanding of the real viability of the currently reported global power shifts. ■

Geoffrey Kemp. The East Moves West. India, China and Asia's Growing Presence in the Middle East.

Washington, DC: Brookings Institution Press, 2010. 300 pp., £20 (hbk).

ISBN: 978-0-8157-0388-4

GIULIA ZIGGIOTTI (St Antony's College, University of Oxford)

While the Western economies deal with the aftermath of the 2008 financial crisis, the major Asian economies, China and India, are performing relatively well. However, not least in order to secure their own energy futures, both countries are at the same time moving to expand their political influence in the Middle East. In so doing, China and India cannot but present a challenge to the existing geopolitical order of the region, where the United States continues to play its traditional watchdog role. Questions remain, however, about the depth and significance of the challenge posed by India and China to the regional order in the Middle East. Certainly for the time being, no other national power, including China and India, can provide a substitute for the United States in overseeing Middle Eastern security. However, in the medium- to long-term, Asia's growing presence in the Middle East could lead to a quite different geometry of power. Needless to say, whether such a shift is likely to happen is uncertain. On the one hand, there is the thorny question of whether any Asian country can or would build the defense capacities to take over the American role. On the other hand, China and India have local regional security problems of their own, including with each other.

In *The East Moves West* Geoffrey Kemp raises two major questions. Will the rise of China and India—both huge countries with energy needs to match—come to strengthen the case for the two major states to engage in cooperative security with respect to their Middle Eastern engagements? If so, what would be the implications for the United States? Kemp's argument in the end is that the United States will probably remain the major military power in the Middle East. However, it will have to learn to share part of its security responsibilities with the two emerging giants.

Kemp opens his argument in the introduction by tracing the footprints of the Asian powers' involvement in the Middle East. He analyzes the several drivers of the Asian presence in the region, including needs for energy (in particular, oil and natural gas), immigrant labour, trade, investment, tourism opportunities, and access to higher education. In a middle section of the book, Kemp then narrows his focus to examine important bilateral connections that Asian countries have developed in the

Middle East. Special emphasis is placed on China and India. Nonetheless detailed accounts are also provided with respect to Pakistan, Japan, and South Korea.

In the third section of the book, Kemp considers two particular sub-topics. First, he looks at the development of huge infrastructural projects in the Gulf and Central Asia, surveying the important contrasts between the Central Asian region and the Gulf. The Gulf region, for its part, has seen the development of luxury hotels, exclusive resorts, giant shopping malls, and state-of-the-art airports—with many such developments intended principally to cater to the whims of the super-rich. In Central Asia, by contrast, the infrastructure works-in-progress include highways, railways, airports, and pipelines—in other words, projects that in many cases have been initiated in order to facilitate the flow of natural resources from the Middle East to the rising Asian powers.

Kemp's second discussion turns to the maritime environment. Since most of the commerce between the Middle East and Asia goes by sea, via the Indian Ocean, the security of the maritime environment in the region—now often under the shadow of piracy—is perceived as a key factor in economic growth. China, for example, now has a substantial maritime development's strategy (China's so-called "string of pearls" [p. 206]) that includes heavy investment in bases and other outlets across the maritime region, particularly along the coast of Pakistan.

Overall, Kemp's book is especially instructive in its efforts to "de-construct" the current state of bilateral relations between Eastern and Middle Eastern countries, especially in the form of the array of individual case histories the book provides. Indeed, the author not only provides the reader with a summary of the historical facts, but also with a huge amount of up-to-date data on, for example, the flow of natural resources, investments, labour forces, and so on, between East and West. In these regards, it is a valuable source for the current state of knowledge on its subject, useful as a backbone for further research. Nonetheless, Kemp's book may be less successful in preparing analysts to consider the many dynamics in play that could in future lead to the "re-construction" of important bilateral relationships. As the author admits in his concluding chapter, "Alternative Scenarios and Uncertainties," some major question marks—or "wild cards"—regarding the "developments within and between the key Asian countries," not to mention the influence of "U.S. politics and foreign policy in the aftermath of the wars in Iraq and Afghanistan and the nuclear crisis with Iran," could all stand to challenge the current trajectories of individual East-West relationships (p. 236). Notwithstanding his expectation that the United States will retain its lead

role, Kemp backs away from “make specific forecasts regarding the path that this huge region is likely to take in the years ahead” (p. 233). ■



Next call for papers

Call for Papers

Abstracts due April 30, 2010

Papers due August 31, 2010

In fields as disparate as naval security, financial regulation, pandemic control, and greenhouse gas emissions targets, China's policies have become pivotal. For many years it was isolated at the margins, but since "reform and opening"—begun in the late seventies—China has engaged the world, joined international organizations, and participated in regimes. Today, China is an undisputed major player in global affairs. It shapes the world to an unprecedented level.

China's ongoing rise is the subject of colourful—and often heated—debate. Much of this debate has focused upon China's internal development, including its adaptation to global structures. The *St Antony's International Review (STAIR)* would like to invert this question, considering a related, but less visited, issue: the impact of this rise upon the global political architecture. This approach aims to identify aspects most dramatically influenced by China and to evaluate some of the prospects for the architecture's continuing ability to absorb China's "peaceful rise."

STAIR invites academics, policymakers, and political commentators to submit articles focusing on China's impact upon current global structures and institutions. Topics that may be considered include China's impact on international organizations, international norms, regional relationships, and financial pathways.

Examples of questions that might be explored are:

- How have international economic institutions adapted to accommodate China's interests and values?
- G20, G2—through which informal fora will China attempt to shape the coming global economic and political landscape?
- How have the practices of the United Nations changed in response to Chinese influence?
- Does China's rise have an impact upon the concept of "humanitarian intervention"?
- Is China influencing the notion of "global responsibility"?
- How is China's rise shaping the development of international law?
- Is China's rise influencing the debate over the existence, or otherwise, of "Asian values"?

STAIR welcomes abstracts of up to 500 words in length. In conjunction with this call for papers, *STAIR* also seeks to publish book reviews of works that relate to the theme of the issue.

Notes for contributors are available at www.stair-journal.org

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General Section of *STAIR*

Call for Papers



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STAIR is the only peer-reviewed journal of international affairs at the University of Oxford. Set up by graduate students of St Antony's College in 2005, the *Review* has carved out a distinctive niche as a cross-disciplinary outlet for research on the most pressing contemporary global issues, providing a forum in which emerging scholars can publish their work alongside established academics and policymakers. Distinguished past contributors include John Baylis, Robert O. Keohane, James N. Rosenau, and Alfred Stepan.

Please note that *STAIR* will continue to devote at least half of each issue to a special theme of contemporary significance. The two issues to be published in 2011 will be on "China's Rise: An Adapting Global Structure," and "Responding to Crises: The Past, Present, and Future of International Financial Institutions," respectively. Authors with a particular interest in these areas should therefore refer to the themed Calls for Papers available at www.stair-journal.org.

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