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CHINA, ECONOMIC DEVELOPMENT, AND GLOBAL SECURITY

Bridging the Gaps

Matt Ferchen

DECEMBER 2016



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This paper is inspired by the results of a grant from the Ford Foundation. During 2015, with the support of this grant, the Carnegie Endowment for International Peace conducted a series of workshops at five of its global centers—in Beijing, Beirut, Brussels, Moscow, and Washington—to explore the key issues surrounding China’s evolving global role. The Carnegie Endowment hopes to build on the insights and opportunities that have emerged from this project. The arguments in this paper are not meant as a summary of the grant’s findings but instead reflect the views of the author alone.

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About the Author

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Summary

China's expanding global economic and geopolitical role has spawned a growing divide between those who portray the country's rise as a force for prosperity and peace and those who depict it as an assertive, mercantilist threat. Such conflicting paradigms oversimplify the complex political economy of the country's international relations. These flawed frameworks reflect a lack of boundary-breaking thinking, research, and policymaking that can account for the interaction between the economic and geopolitical aspects of China's rise. Recognizing such shortcomings is the first step toward better understanding and constructive engagement with China.

Competing Perspective

- China's peaceful development paradigm claims that the country's continued pursuit of economic development will contribute to regional and global economic prosperity as well as security and stability.
- The geoeconomics paradigm characterizes China as a mercantilist power whose state-led economy and increasingly assertive foreign economic initiatives will enhance the country's regional and global power and leverage.
- Both approaches offer oversimplified understandings of the complex interaction among the economic, geopolitical, and security dimensions of China's relations with the rest of the world.
- These flawed approaches tend to reflect and reinforce the narrow specializations of many policymakers and academics in either purely economic or geopolitical and security affairs. Understanding the negative impact of this dynamic and working toward more creative solutions is necessary to build more constructive relations with China.

Understanding China's International Political Economy

- Now is a fortuitous time to recognize and address these flawed frameworks and their consequences. By promoting a series of high-profile foreign economic development initiatives and institutions, China's President Xi Jinping has declared that Chinese-led economic development will underpin greater regional and global prosperity and security.
- To improve upon these unsatisfactory paradigms, academics, policymakers, and other practitioners must recognize the limits of rigid specializations

in economics and geopolitical and security studies. Instead, they must seek creative, boundary-breaking ways to better understand China's expanding global footprint, as well as the dynamic and reciprocal interactions between economics and politics in general, and between economic development and security in particular.

- Some researchers, policymakers, and foundations have already initiated research and engagement on topics that offer insights about the linkages between economics and geopolitics, including the relationship between economic development and security. But much more can and should be done, including tapping into promising traditions of research, policy, and foundational engagement.

Introduction

Whether the growing size and global interdependence of China's economy is translating into greater Chinese geopolitical influence is one of the most important questions of the twenty-first century. Its answer is crucial to policymakers, researchers, businesspeople, and many others around the world and in China itself.

Yet there is widespread disagreement about the long-term implications of China's expanding global role. China's leaders emphasize that China remains committed to the official mantra of peaceful development, yet many other countries increasingly view it as an assertive actor seeking to leverage its size and growth into expanded geostrategic influence. A worrying gap is emerging over how best to understand and respond to China. At its core, this gap reflects two opposing understandings, both flawed in their own ways, of how Chinese economic development at home and abroad is, or might be, linked to Chinese power and influence beyond the country's borders.

Nothing captures the disparity in understanding, and the possibility of exacerbating already growing tensions, more than China's recent promotion of initiatives and institutions nominally aimed at promoting economic development in its own neighborhood and beyond. In particular, high-profile Chinese economic initiatives to fund and build land and maritime transportation, energy, and communications infrastructure projects linked to China—such as the Belt and Road Initiative and the Asian Infrastructure Investment Bank (AIIB)—have become the source of much speculation and confusion. This is based in part on questions about how, as part of its grand strategy, China may leverage new or existing links to its neighbors and other regions, from Africa to Europe, to expand its geopolitical influence. China officially emphasizes win-win outcomes for all involved in these initiatives, yet others argue that China will use them as a platform for enhanced strategic leverage. This is true especially in China's own neighborhood, part of which is already the center of much anxiety and tension about increased Chinese assertiveness in the South China Sea. But the lack of agreement and understanding about these recent initiatives is just the tip of the iceberg. Even more fundamentally, this gap reflects much deeper disagreements and hazy thinking about the relationship between China's international economic role and policies and the country's broader geopolitical influence.

A worrying gap is emerging over how best to understand and respond to China.

By emphasizing a continued prioritization of economic development, Chinese leaders have long sought to reassure their neighbors, the United States, and their own citizens that the country's primary foreign policy objectives remain in the service of domestic economic development. Since 2013, new, high-profile, and proactive economic initiatives led by Chinese President Xi Jinping have been pitched as a natural continuation of foreign policies that will actively contribute to mutually beneficial outcomes like regional and global prosperity and peace. This peaceful development framework stands in stark contrast to a geoeconomics framework favored by many outside of China who see the country as a mercantilist power in which a strong, far-sighted, authoritarian state controls and manipulates the overall economy and specific economic institutions to enhance state power both domestically and internationally.

Yet neither of these frameworks fully captures the reality of China's evolving global role. Despite its growing economic impact and global interdependence,

The time is thus ripe to seek greater understanding about the political economy of China's emerging global role.

there are few indications that China has been able to commensurately expand its international political and geostrategic influence, as geoeconomics would suggest, or that such economic ties are clearly and consistently contributing to more stable and peaceful outcomes, as the peaceful development model would argue.

These two mutually exclusive positive-sum and zero-sum frameworks reflect and condition not just thinking but also policy behavior. Moreover, these paradigms are all too often reinforced by bureaucratic and academic silos that separate economics from politics, and development issues from security ones. These constraining analytical frameworks and narrow institutional silos have contributed to shallow understandings of, or even complete blind spots for, how China's economic size, growth, and global interdependence are linked to its overall geopolitical influence and impact on international security.

It is necessary to recognize the limits of such paradigms and silos and begin thinking instead about crosscutting ways to explicitly and clearly focus on what political scientist Robert Gilpin called the "reciprocal and dynamic interaction . . . of the pursuit of wealth and the pursuit of power" at the heart of China's evolving international role.¹ A key component of this should be a reinvigorated effort to link questions of economic development to issues of security. The timing of this challenge is both urgent and fortuitous because China itself stands at a crossroads. The country is in the midst of efforts to fundamentally shift toward a new model of economic development that will also alter its relationship to the international economy and affect its foreign relations more generally. Not only that, at the same time, it is China's paramount leader himself, President Xi, who has increasingly sought to explicitly link China's promotion of economic development to regional and international security and stability.

The time is thus ripe to seek greater understanding about the political economy of China's emerging global role, and these insights should serve as a guide to action. While breaking down barriers will require new and creative thinking, there are also existing analytical traditions and institutional practices from policy circles, academia, and civil society to guide the way.

Competing Views on the Interplay of China's Economics and Geopolitics

China's economic development model and global impact have evolved a lot over the past several decades. Until quite recently, China's economy had been growing at an average of almost 10 percent a year since the reform and opening period started in the late 1970s. After joining the World Trade Organization (WTO) in the early 2000s, China also began to play a bigger, different, and more directly visible role in the global economy as it became the world's largest trading nation.² In just over the last decade, China also has become a growing contributor to flows of outbound foreign direct investment as well as international finance, especially through loans and aid to developing countries.

There is growing contention and controversy about the relationship between China's pursuit of wealth and its pursuit of power on the global stage. If and how the country's growing global economic connections have enhanced its leverage or power, or rather even created new vulnerabilities and interdependencies, is a question that is still not well understood. Two of the most famous China scholars in the United States have respectively labeled China a "fragile" or "partial" power.³ Meanwhile, British polemicist Martin Jacques speculates about when China will "rule the world."⁴ Offering such all-encompassing labels is likely to prove unsatisfactory. Especially as China pushes forward with high-profile initiatives like the Belt and Road Initiative and the AIIB—not to mention with a seemingly energized overall form of economic diplomacy—the need to understand the complex interplay between the economic and political dimensions of China's foreign policy and impact, and the intersection of development and security issues in particular, is all the more urgent.

Geoeconomics

Outside of China, some chiefly U.S. and European think tank analysts and geopolitics pundits increasingly have taken to using the term *geoeconomics* to describe what they see as China's long-standing predilection for a realist or mercantilist style of state-economy relations and foreign economic policy.⁵ Although pinning down a commonly agreed and specific definition of *geoeconomics* is often difficult, a recent book by two former U.S. State Department officials describes it as: "The use of economic instruments to promote and defend national interests, and to produce beneficial geopolitical results."⁶

For those who rely on this concept when discussing Chinese foreign policy, the focus is usually on the government's intentional use of economic policy instruments to achieve broader foreign policy or geostrategic aims.⁷ This perspective is described well by Brahma Chellaney, an Indian expert on international affairs, who has stated that “China’s ambition to reshape the Asian order is no secret. From the ‘one belt, one road’ scheme to the Beijing-based Asian Infrastructure Investment Bank, major Chinese initiatives are gradually but steadily advancing China’s strategic objective of fashioning a Sino-centric Asia.”⁸ Chellaney’s statement, focused as it is on recent Chinese economic initiatives like Belt and Road, highlights the geoeconomics concern that such initiatives offer clear evidence of China’s mercantilist efforts to derive political and geostrategic leverage from such projects.

Some analysts of Chinese geoeconomics claim that if China’s strategy is not countered by adequate or commensurate measures, the result will be even greater Chinese dominance over its own neighborhood as well as over vast swaths of the developing world.⁹ The emphasis on Chinese geoeconomics ultimately points in the direction of the gradual loss of economic as well as political and strategic influence of the United States, its allies in Europe, and beyond—not to mention the liberal international order more generally.

But a closer look at some of the emerging China-focused geoeconomics arguments reveals the sometimes contradictory or simply unexpected outcomes of China’s deepening global economic interdependence. The World Economic Forum, tied to the annual meeting of economic experts in Davos, Switzerland, has recently begun a series of annual reports through its Global Agenda Council on Geoeconomics that highlight some of these contradictions. The title of their most recent report, *Geoeconomics With Chinese Characteristics: How China’s Economic Might Is Reshaping World Politics*, highlights an assumption that China’s economic “might,” whatever that may be, translates into global political influence.¹⁰ Belt and Road, of course, features prominently among the examples used, alongside China’s reliance on state-owned enterprises for, among other things, the country’s efforts to guarantee access to energy and other global commodities.

Yet the report also contains arguments about how China’s well-entrenched regional and global economic interdependence underscores not only the country’s “serious disruptive potential” but also its vulnerabilities to international market and geopolitical changes or crises.¹¹ For example, the global financial crisis of 2007–2009 exposed Chinese dependence on U.S. and European demand for Chinese exports, while war and unrest from Libya to Iraq have highlighted China’s uphill battle to maintain energy security as it increasingly relies on Middle Eastern and African sources of oil and gas.

This rising interest in Chinese geoeconomics, much of it from researchers and institutions in the United States and Europe,¹² also reflects a growing interest, and in some cases concern, in other parts of the world about how

economic interdependence with China is leading to new patterns of economic and political influence. For example, upon coming to office in 2011, former Brazilian president Dilma Rousseff declared that she wanted to move “beyond the complementarity of our economies” in Brazil’s commodity-based trade relationship with China, thus implicitly questioning the win-win nature and viability of the China-Brazil economic relationship.¹³ Much closer to China itself, Myanmar’s government in 2011 suspended a major Chinese dam investment project, a move seen as a hedge against rising worries of too much economic and political dependence on the country’s huge neighbor. China’s ties to other major commodity exporting countries, such as Russia and Australia, have also prompted much hand-wringing about the direction of political and geostrategic influence that comes with such ties. Whether or not observers explicitly use the language of geoeconomics, it’s clear that for many outside of China there is a growing awareness of, and in some cases sensitivity to, the way that China’s expanding trade, investment, and financial linkages may also create new forms of geopolitical and strategic leverage.

Peaceful Development

China’s official response to the misgivings of other countries is based on the logic of the mutually beneficial, win-win framework of peaceful development. In terms of official diplomacy and foreign policy rhetoric, the peaceful development policy framework remains the centerpiece for describing and legitimizing China’s commitment to a pattern of globally engaged economic development that will reinforce, not threaten, global peace and stability. In fact, this presents a conceptual framework with a built-in and quite explicit understanding of how economic development underpins peaceful international (and stable domestic) political and security outcomes. By its own self-definition, and contrary to geoeconomics approaches, the concept of peaceful development seeks to eschew even the possibility that China might pursue or otherwise achieve power or geostrategic leverage via its international economic policies or relations. The idea that China is still a developing country, not a wealthy one, and that it shares the same challenges as many other developing countries is also fundamental to the peaceful development framework.

The peaceful development strategy was formalized in a 2011 policy white paper but was the culmination of almost two decades of thinking about how to position China’s rise so as to reassure both anxious domestic and international audiences.¹⁴ For some, the peaceful development framework is synonymous with former leader Deng Xiaoping’s foreign policy axiom of biding one’s time and hiding one’s strength, and thus is seen as largely passive and quiescent.

The peaceful development policy framework describes and legitimizes China’s commitment to globally engaged economic development that will reinforce, not threaten, global peace.

Yet such an understanding fails to account for the almost classically economic liberal argument at its heart: China's own continued economic development depends on a peaceful and stable regional and international environment but, at the same time, China's active participation in international trade, investment, and finance helps underpin stability and peace by contributing to economic development around the world. This logic mirrors the core political-economic rationale of domestic governance in China: economic development is necessary for social stability, which in turn allows for further development. Looking beyond China's borders, the peaceful development framework is replete with references to win-win, mutually beneficial, and complementary economic and political relations with countries near and far. This reflects some deeply embedded Marxist traditions that assume a scientific correlation between economics and politics at both the domestic and international levels. Yet despite these origins, this paradigm is, in essence, a reverse image of Marxist criticisms of global capitalism: it still takes the economic or material base as the driver of political outcomes, but here those economic drivers lead to positive political outcomes in the form of enhanced international peace and security.

Far from jettisoning these core political-economic tenets of the peaceful development paradigm, Xi has reinforced the framework's centrality.¹⁵ His promotion of new international economic initiatives like Belt and Road and the AIIB has relied on the same logic and extended it in new directions.¹⁶ The Belt and Road Initiative and the AIIB are first and foremost being promoted by China as economic development initiatives linking China to its neighbors and far beyond, with the financing and construction of transportation infrastructure and other connectivity projects at their center. Chinese government, and often academic and think tank, efforts to promote these initiatives therefore are designed to underscore China's role as an agent of economic development in its own neighborhood and beyond.

At the same time they are being promoted as possible counterweights to concerns about regional maritime and territorial tensions as well as instability or conflict in some nearby countries and regions. Through these initiatives, Chinese foreign policy leaders are explicitly attempting to build on the win-win, mutually beneficial political-economic logic of peaceful development, while also extending it by arguing that Chinese-led economic initiatives will further drive development for China's own poorer western regions, its neighbors, and others, and that such development will also contribute to greater stability and, crucially, security. Chinese leaders are at pains to emphasize that their country's rise and global role will not be hegemonic in the sense that they argue American or European power has been, thus the win-win political-economic logic of China's foreign policy and recent initiatives is crucial to these claims.

Yet despite the dominance of the peaceful development paradigm in official Chinese foreign policy rhetoric and diplomacy, there are other important discussions within China about the challenges and opportunities that have and will arise as a result of the country's expanding global economic linkages. Included are growing discussions among academics, think tank analysts, and officials about how China's economic interdependence also presents new challenges for protecting Chinese interests and citizens abroad.¹⁷ At the same time, there are active debates about how China's growing wealth and economic capacity is, or is not, leading to similar levels of regional or global diplomatic, military, or overall strategic influence.¹⁸

Despite these important discussions and debates about the complexities and challenges of China's growing wealth and global economic interdependence, Chinese leaders are pushing ahead with high-profile economic development initiatives. These include widely publicized and discussed initiatives like Belt and Road and the AIIB as well as projects such as China's commitment to support a new \$1 billion United Nations (UN) Peace and Development Trust Fund.¹⁹ Some Chinese analysts have even put forth the idea of a full-fledged Chinese developmental peace theory, which provides the intellectual framework for such projects, especially in terms of China's involvement in African peacekeeping challenges.²⁰ Xi's high-profile comments about the connections between regional and international development and security certainly portend more, rather than fewer, such proposals.

China's Uneven Impact on Global Development and Security

On the whole, the peaceful development and geoeconomics paradigms portray dramatically opposed visions of China's global impact, and yet neither offers a full picture of the complex "reciprocal and dynamic" interactions between the economic and political aspects of China's international influence.²¹ A brief survey of China's relations with different regions and countries reveals complicated and often contradictory patterns that expose the limitations of both frameworks. China's relations with its neighbors, with the United States and Europe, and with developing and commodity-rich regions all display different patterns of economic, political, and geostrategic ties. These nuances highlight the overly simplistic, one-way assumptions and expectations of the two dominant paradigms. Consequently, there is a need for new ways of thinking to improve understanding by breaking through traditional conceptual and bureaucratic silos.

The peaceful development and geoeconomics paradigms portray dramatically opposed visions of China's global impact, and yet neither offers a full picture.

China and Its Neighbors

Nowhere is it more apparent that China's deep trade, investment, and financial linkages have neither guaranteed enhanced Chinese political influence nor prevented deepening geopolitical and military tensions than in Southeast Asia. Aside from possibly Cambodia, China has not been able to rely on economic interdependence with its Southeast Asian neighbors to ensure friendly, compliant relations. Even before introducing the Belt and Road Initiative or the AIIB, China had been promoting the idealistic vision of an Asian "community of common destiny" driven in large part by economic interdependence,²² yet such rising interdependence has been accompanied by deepening security tensions and accusations of Chinese assertiveness in the South China Sea from countries such as the Philippines and Vietnam.

In fact, even aside from maritime conflicts in Southeast Asia, countries like Myanmar that only a few years ago were seen to be in China's economic and therefore strategic orbit have changed direction in order to limit or reverse a growing sense of economic and political dependence on China. Further, there is little evidence that China's growing centrality for currency and financial relations in its own region has given it the kind of structural power to set broader rules and patterns of finance for its Southeast Asian neighbors or beyond.²³ In short, the peaceful development framework has tended to be too optimistic about the degree to which China's regional economic ties have overcome security problems like the South China Sea, while the geoeconomics perspective has overestimated the degree of political leverage China holds over countries in Southeast Asia.

In Central and South Asia, where China has traditionally had less dense economic ties, recent initiatives like Belt and Road have drawn special attention for their possible geostrategic impact. While China refutes the analogy, some have speculated that Belt and Road could serve as a twenty-first-century version of the Marshall Plan, with huge infrastructure projects and enhanced trade and investment schemes underpinning new forms of Chinese leadership and leverage.²⁴ China has largely emphasized the purported international and domestic economic development benefits of the initiative, but both Chinese leaders and academics have also stressed the potentially positive spillover effects of such economic opportunities that could improve or solve difficult and enduring security challenges in places like Afghanistan. What the exact relationship between Belt and Road as an economic development initiative and existing, China-led security organizations like the Shanghai Cooperation Organization is or will be remains an open question.

Energy resources are a major part of China's economic ties with some of its neighbors, particularly when it comes to Russia. Burgeoning and complementary oil and gas ties are at the heart of discussions about a new strategic partnership between China and Russia, yet disagreements on pricing

and financing terms point to deeper historical and geographic challenges to building a new Sino-Russia political bloc.²⁵

Even as traditional regional powers such as India and Russia publicly welcome new opportunities for trade and investment, they are alert to the potential ways that the Belt and Road Initiative and other sources of Chinese economic influence in South and Central Asia might impact their own interests and spheres of influence. In fact, some in Russia and Central Asia worry about China's blithe lack of a security framework to accompany its grandiose economic development initiatives in the region. India, meanwhile, fears that China's promotion of potentially dual-use port facilities in South Asia, including the Gwadar port in Pakistan, could facilitate a greater Chinese naval presence in the Indian Ocean and the Bay of Bengal.²⁶ Moreover, it is certainly possible that new or existing Chinese-led infrastructure projects including bridges, dams, railways, and ports will fuel negative local reactions if they are seen as benefiting Chinese interests at the expense of the local community or national interests. Chinese-funded efforts to expand the port of Colombo in Sri Lanka illustrate this dynamic. Almost certainly, China's promotion of unilateral and multilateral development projects in its own neighborhood will foster a complex set of economic, political, and security ramifications.

So far, the combined economic and geostrategic impacts of new Chinese-led initiatives like the Belt and Road in South and Central Asia remain more often the subject of speculation than of careful research and analysis. China's long-standing trade, investment, and financial ties with its neighbors also display crosscutting interdependencies that are as likely to repel as to attract other countries. New analytical tools and policy ideas are therefore necessary to understand and respond to these complex trends.

China's ties to its Northeast Asian neighbors also reflect this mixed reality. Deep economic interdependence, including trade and investment links, with South Korea and Japan has turned neither country into a political or geostrategic satellite of China. That said, Japan-China relations could possibly have deteriorated further or failed to stabilize in the absence of those economic links. North Korea's economic dependence on China, meanwhile, has neither ensured North Korean compliance with an increasingly less patient Chinese ally nor has it enhanced overall regional security, as Pyongyang's September 2016 nuclear test makes clear.²⁷ China's official peaceful development logic may not have yet been given a chance due to North Korea's autarkical policies, yet China's economic links to the country have not guaranteed China's ability to ensure its ally's compliance. A quick glance at China's relations with its neighbors in Northeast Asia demonstrates that both the peaceful development and geoeconomic frameworks fall short in explaining China's influence and broader regional tensions and sources of insecurity.

New Chinese-led initiatives like the Belt and Road in South and Central Asia remain more often the subject of speculation than of careful research and analysis.

China, the United States, and Europe

Although geographically distant from China, many observers in the United States and Europe are keenly interested in not only recent Chinese economic initiatives like Belt and Road but also in the broad question of how China's international economic links interact with its geopolitical ambitions. Some hawkish U.S. observers from policy, think tank, and academic circles have begun to loudly criticize long-standing U.S. commitments to economic engagement with China on the basis that such engagement has helped fuel China's rise as a strategic rival.²⁸ Especially for those focused on China's grow-

ing assertiveness in the South China Sea and associated military tensions between the United States and China in the region, China's peaceful development propaganda rings hollow.

At the broader level of U.S.-China relations, and to a lesser extent China's ties with the European Union (EU), deep and interdependent trade and investment relations have not precluded strategic rivalries and other political tensions in Asia and beyond. Recently, as China's econ-

omy has slowed and its development model has begun to change, trade frictions with both the EU and the United States have risen around such issues as China's steel overcapacity. Such concerns have further fueled criticism about recognizing China as a market economy within the WTO. Such domestic concerns within the EU and the United States have also been accompanied by questions about international economic governance and whether China is seeking to challenge or undermine existing institutions like the World Bank or the Asian Development Bank through its creation of the AIIB or other regional development initiatives. Many EU members chose to join the AIIB while the United States abstained and urged its allies to do the same, yet questions about who sets the rules of international economic governance are of great importance to leaders on both sides of the Atlantic Ocean. To say the least, then, contrary to China's peaceful development rhetoric, economic interdependence has not meant smooth sailing for China's relations with either the United States or the EU.

Yet at the same time, the mercantilist geoeconomics framework popular among some U.S. and European observers is backed by remarkably little evidence drawing a direct or even indirect link between China's global economic ties and its geopolitical influence. At the very least, debates about China's exchange rate policies or holdings of U.S. currency reserves and Treasury bonds have exposed that China's supposedly mercantilist policies belie a deep degree of Chinese trade and financial interdependence with the United States. China uses access to its own market as a point of leverage in negotiations with the United States or the EU, but U.S. and EU officials and firms also actively seek to use laws, standards, and trade agreements to set the rules of the game by

Many observers in the United States and Europe are keenly interested in how China's international economic links interact with its geopolitical ambition.

which China and its firms must play. Ultimately, absent deep economic linkages and interdependencies between China and the United States and Europe, it is possible that strategic tensions could be even more severe and the room for bargaining even more constrained.

China and the Developing World

While China's often fraught relations with some of its neighbors or with great powers such as the United States frequently dominate headlines, China's ties to developing country regions such as Africa and Latin America have become increasingly central to Chinese foreign policy and shed important light on the changing dynamics of China's international economic and political relations. Since the early 2000s, China's commercial and diplomatic relations with both Africa and Latin America have boomed in line with China's growing demand for mineral, energy, and agricultural resources and as Chinese businesses and citizens sought economic opportunities in emerging markets. Moreover, China's growing trade, finance, and investment ties to both regions underpinned a resurgent interest in South-South diplomacy as well as new multilateral forums, such as the BRICS group (Brazil, Russia, India, China, and South Africa).

For at least a period of time during the height of the commodity boom from about 2003 to 2013, China's developing country diplomacy highlighted the logic and potential of the peaceful development paradigm. In foreign policy white papers, China repeatedly emphasized how resurgent economic ties to both Africa and Latin America epitomized complementary, win-win, mutually beneficial relations that offered not only a new form of economic but also diplomatic and political engagement compared to the colonial or hegemonic experiences associated with historical ties to Europe and the United States.²⁹

Yet from a geoeconomics perspective, China's commodity-based, state-to-state relations with strategic partners in South America and Africa were seemingly emblematic of China's mercantilist efforts to lock up natural resources and expand China's geopolitical leverage.³⁰ Added to this were controversies and debates about the effects of China's foreign aid programs in Africa, many of which didn't correspond with accounting standards and governance conditions set by the Organization for Economic Cooperation and Development, and other substantial state-to-state development financing efforts that seemed to overshadow traditional development financing from the World Bank or other regional banks.³¹ Others worried, not only as a result of increased economic and diplomatic ties but also because of China's own rapid development, that the country would successfully export its illiberal political and economic development model, which some have dubbed the Beijing Consensus, to countries in Africa and South America.³²

China's ties to developing country regions such as Africa and Latin America have become increasingly central to Chinese foreign policy.

Yet a closer look at China's economic relations with Africa and Latin America calls both narratives into question. While the rapid expansion of China's commercial ties with Africa and Latin America features many eye-popping statistics, it is less clear what the political and broader geostrategic effects have been or might yet be. In fact, while China and many of its new trade and investment partners in these developing country regions have often lauded the economic expansion, Africa and Latin America are very diverse, and the economic opportunities and challenges involved in ties to China have been as well. This has been true even among countries in each region that experienced a huge takeoff in commodity exports to China in the first decade of the 2000s, such as Angola and Zambia, as well as Argentina and Chile. Some government and business officials—as well as multilateral institutions like the United Nations Economic Commission for Latin America and the Caribbean—worried about deepening, or falling back into, patterns of commodity export dependence.³³ Others that did not have the raw materials to export, such as Mexico, instead experienced massive trade imbalances with China. And the new flows of Chinese aid, financing, and foreign direct investment that accompanied the boom in trade created a complex mix of excitement as well as anxiety in these regions.

The security and geopolitical front also paints a complex picture. China's impact and involvement in Africa has been more visible than in Latin America, with China joining UN peacekeeping missions, being forced to rescue tens of thousands of its own citizens from Libya in 2011, and recently announcing plans for its first overseas military base in Djibouti.³⁴ And even if the rapid expansion of China's ties to Latin America was largely underpinned by the commodity boom, China's links to Latin America certainly caught the attention of U.S. security officials and analysts.³⁵ Beyond such direct security-related issues, China's increasingly fraught relations with Venezuela are but one indication of how China's nominally commercial-based ties to this South American country have both contributed to and been affected by the shifting populist politics of the region.³⁶

Neither in Africa nor in Latin America is it clear that China has been able to ensure its economic and security interests or the stabilizing prosperity promised by its peaceful development rhetoric. Moreover, the end of the commodity boom and the drop in both Chinese demand and prices for many commodities—which has badly hurt many of China's commodity-exporting African and Latin American partners—makes it far from clear whether China will be able to maintain its economic or diplomatic momentum in either region. With the end of the commodity boom—a process tied closely to China's slowing and changing economy—how Beijing manages the economic, political, and security dimensions of its ties to developing countries in Africa, Latin America, and beyond will be one of the most important and complex issues facing China and the international community for years to come.

Energy Ties With the Middle East

The Middle East too has experienced a major burst of commodity-based ties to China as the region has become a primary source of China's oil imports. China's growing dependence on imported oil and gas over the last two decades has prompted urgent discussions in the country about energy security that often focus on supply diversification and transportation security. China's energy relations with the Middle East highlight different and somewhat contradictory trends in the complex interplay between global markets and geopolitics.

For China–Middle East relations, growing Chinese dependence on oil and gas supplies have also prompted questions about whether China will take a more active political or security role in a complex and increasingly conflicted and unstable region. Much of the discussion about China–Middle East ties revolves around why China has not, cannot, or will not, at least until now, become more deeply involved in helping resolve the region's many deep and growing security challenges. As one analyst from the region has bluntly stated: "In general, China has not been in a position to develop strategic relations with any country in the Middle East. China has pursued a policy of hesitancy, non-involvement, inaction and disengagement in Middle East conflicts while focusing on energy imports and limited trade."³⁷

China's energy-based economic ties to the Middle East have not simply or easily translated into flourishing strategic relationships or clear and consistent power advantages. Even China's close trade and investment relations with Iran during the sanctions era have not guaranteed that Beijing will enjoy privileged commercial or political influence over Tehran going forward. Yet China's dependency on fossil fuel imports from the region is almost certain to grow along with difficult questions about supply and transport security, not to mention China's role in the region's deep and persistent security challenges. All of this ensures that China–Middle East ties will continue be a focal point for understanding the interrelated economic and geopolitical aspects of China's growing global role.

Where the Existing Paradigms Fall Short

These snapshots of China's relations with its neighbors, traditional powers like the United States, and developing countries and other commodity-rich trading partners demonstrate the complex political economy of China's global relationships. They highlight the weaknesses of both the peaceful development and the geoeconomics paradigms to capture the interactive economic, political, and security forces at play in China's ostensibly economically driven foreign initiatives and ties. They also largely fail to account for how major economic changes (for example, the end of the commodity boom) or broad political shifts (such as the decline of leftist populism in Latin America) might affect established patterns in China's foreign relations.

Both paradigms fall short. Overall, the peaceful development framework is at best overly optimistic and economically deterministic while at worst undercutting China's reputation by serving as a propaganda ruse for China's realpolitik geopolitical intentions.³⁸ However, the geoeconomics framework overestimates China's ability to formulate and achieve its geostrategic goals through effective manipulation of domestic and international actors and markets.³⁹ Ironically, both frameworks tend to overlap in their largely unwarranted and unproven assumptions about either the benevolence (in the case of peaceful development) or successful strategic acumen (in the case of geoeconomics) they ascribe to Chinese foreign policy. Both dominant paradigms of the political economy of China's foreign relations are therefore too narrow, rigid, and removed from complex realities.

Toward a Better Understanding of China's International Political Economy

If these two dominant paradigms are both flawed, what should be done? The first step is to recognize their flaws and limitations. This is no easy task because both the peaceful development and geoeconomics frameworks are self-serving and politicized. The former is an official Chinese Communist Party policy that features prominently in official public diplomacy and propaganda. As such, while it is not necessarily universally shared by the broader Chinese academic and international relations community, it has an important influence over that community. Meanwhile, the geoeconomics framework is largely wielded by critics wary of China's rising global influence and assertiveness. Such well-entrenched and politicized concepts will not easily be displaced. Yet acknowledging and understanding the flaws in these two paradigms is important because they carry the potential to exacerbate already rising tensions related to China's expanding global role.

More broadly, the peaceful development and geoeconomics frameworks both reflect and reinforce well-entrenched divides between economic and geopolitical (including security) approaches to studying and practicing international affairs. In their own ways, the two dominant paradigms are the product of deeply embedded and overly simplistic understandings of the interactive relationship between wealth and power in general (in the case of geoeconomics) and between development and security (in the case of peaceful development).

Such flaws are representative of what journalist and anthropologist Gillian Tett has called the "silo effect." This refers to specializations and divisions in government, academia, and business that can "create tunnel vision, or mental blindness," which can lead to poor decisions and policy outcomes.⁴⁰ The flaws in the peaceful development and geoeconomics frameworks often reflect

exactly such tunnel vision and institutional silos. But the problems of the silo effect go far beyond these two dominant paradigms and are deeply embedded in other institutions outside and inside of China.

Often, these divisions are reflected in institutional structures. In the U.S. Foreign Service, such silos have historically been called cones, with officers specializing in politics, economics, or a number of other fields. In the political science departments of U.S. universities, the field of international relations is usually divided between those who focus on international security and those who study international political economy (IPE), often with incentives for extremely narrow specialization in one or the other. As the director of one of Europe's most respected foreign affairs think tanks has argued, in Western studies of China, "By and large there [has been] a clear compartmentalization between the economic and the political and security spheres."⁴¹

Such divisions also exist in Chinese academic and policy institutions. Not only are the connections between economics and politics sometimes taken for granted or embedded in official Marxist frameworks and rhetoric, but in general the study of IPE in China lags far behind international relations theory and security studies.⁴² Thus at academic conferences and policy summits about China's foreign affairs attended by both Chinese and international participants, there is often a noticeable division between the economics and business experts and institutions on the one hand and the geopolitics and security experts and institutions on the other. This type of division, based on specialized academic and bureaucratic tradition and organization, is especially apparent at the many events inside and outside of China on the Belt and Road Initiative, for example, given its dual economic and geopolitical elements.

Better understanding, research, and policy can be achieved by recognizing and addressing the silo problem that acts as an impediment to fully understanding China's evolving international role. The barriers between traditional economics-focused and politics- or geostrategy-focused frameworks in policy and academic circles need to be broken down in order to understand China's foreign behaviors and initiatives.

No simple fixed laws or assumed relationships between wealth and power, or between development and security, will suffice to explain the complex and crosscutting economic and political factors at play in China's relations with the rest of the world. Similarly, in the first decades of the twentieth century, the United States had by far the biggest economy in the world. Yet on the international stage, the United States remained in many ways unwilling or unable to productively shape global affairs in a way commensurate with its economic status until after World War II.⁴³ The idea that

The barriers between traditional economics-focused and politics- or geostrategy-focused frameworks in policy and academic circles need to be broken down to understand China's foreign behaviors and initiatives.

there is no straightforward relationship between a country's wealth and its international power should come as no surprise.

Breaking through institutionalized silos will be no simple task, yet the timing is not only right but also urgent. In fact, China is at a crossroads both domestically and internationally, and this creates important openings for

There is no straightforward relationship between a country's wealth and its international power.

breaking down traditional divisions. Domestically, China is pursuing an extremely difficult but important transition of its economic development model in an effort to avoid the so-called middle-income trap. The economic, not to mention social and political, challenges involved are enormous, and China

has begun to look for comparative policy lessons and cooperation wherever it can. Internationally, Xi Jinping's pursuit of more activist and high-profile foreign economic diplomacy, initiatives, and institution building are both potentially high-risk and high-reward propositions. Ultimately, the linkages between China's domestic and international challenges and initiatives are especially important for understanding how China's pursuit of wealth and power, including its efforts to link development with security, will impact China and the world.

In terms of timing and opportunities, what may be most important is the way that Xi himself has linked China's official foreign-affairs thinking and policies to the connection between economic development on the one hand and security and stability on the other. As he put it at a conference on Asian security in May 2014, "Development is the foundation of security, and security the precondition for development."⁴⁴ Yet this analysis has highlighted how the peaceful development model tells only part of the story.

Xi's focus provides—in fact, necessitates—more and better thinking about what economic development is or should be, what is meant by security and stability, and what the connection between these is or should be. For many years, China's leaders have insisted that domestic economic development and social stability are inextricably linked, and now that logic is being extended to China's foreign affairs. Yet very few inside or outside of China have probed the underlying logic of the formula equating development with stability and security, or how it has worked or will work in practice, especially beyond China's borders. Reflecting on the ways these topics are conceptualized and put into practice is a crucial starting point.

These questions should serve as a starting point for a range of both government and nongovernment actors outside of China to think more clearly and better engage with Chinese officials, researchers, and citizens on particularly crucial matters of development and security. In the United States, it has historically been a combination of academic, nonprofit, business, and government institutions that have created the interdisciplinary intellectual and policy expertise to engage with the rest of the world. Today, China faces many of the

same challenges of creating the human and institutional resources necessary to better understand and navigate the world beyond its borders. Such past experience and current challenges should be seen as opportunities for new boundary-breaking thinking and engagement.

This can start with researching and teaching about China's international role in a more interdisciplinary fashion. Within think tanks and academic research institutions, more can and should be done to revive and expand the existing work done in the fields of political economy in general and IPE in particular. Additionally, more needs to be done to extend the insights of these fields to cross-fertilize their insights with those from international security studies as well as area studies. Moreover, policymakers, think tank researchers, and foundation officers would benefit from better, clearer academic research that addresses these complex interrelated dimensions of China's evolving international economic and political role. China, as much as anywhere, could benefit from the expansion of high quality IPE and IPE-security studies to go along with already established international relations programs. A good starting place for both Chinese and international IPE scholars, including through collaborative efforts, would be to better understand how the end of the global commodity boom and the change in China's economic development model will affect China's relations with commodity-rich developing countries, including the dynamic between development and security in those countries.

This type of IPE research has made a positive impact before. The founding of the field of IPE took place in the ferment of the 1970s when global energy markets were in flux and as worries (or hopes) of the decline of American hegemony were rampant. In part, it was also a reaction to the stultifying effects of academic and policy silos at the time that largely tended to keep issues of so-called high politics, such as alliances and nuclear policy, from the so-called low politics of everyday economic issues like trade and finance. The emergence of IPE was not merely an academic exercise; in the 1970s, some of the best IPE scholars in the United States addressed important changes in global economics and politics, such as the foreign policy dimensions of regulating multinational corporations (MNCs). Some, like Joseph Nye and Stephen Krasner, also went on to be government officials. The U.S. role in international affairs in the 1970s and the emergence of IPE bears similarities with today's China, as the country's firms go abroad, energy markets are in flux, and questions of relative U.S. decline persist. Yet few, if any, of the insights and analytical tools developed at that time have been applied to China; this can and should change.

For think tanks and other foundations, there are already some examples of research and programming that can be expanded. The Stockholm International

Policymakers, think tank researchers, and foundation officers would benefit from better, clearer academic research on China's evolving international economic and political role.

Peace Research Institute and the American Friends Service Committee are just a few of the organizations that have begun to do important, nuanced research and engagement with China on the interrelated development and security dimensions of the country's growing global influence.⁴⁵ Moreover, many Chinese universities and an increasing number of think tanks, not to mention some business and government officials, are open to cooperation and assistance in terms of building their own capacities to understand and interact with the world outside of China. Western academic and nonprofit institutions with experience in area studies and international development should actively seek new forms of partnership that engage Chinese counterparts on the linkages between development and security,⁴⁶ especially in countries and regions of the world facing acute challenges in both of these areas, such as Cambodia, Laos, and Myanmar in Southeast Asia and Afghanistan and Pakistan in Central and South Asia.

International organizations also have a role to play. International development institutions like the World Bank and other regional development banks like the Asian Development Bank (ADB) have long, if hard-earned, experience in funding and managing the environmental and social aspects of major infrastructure projects. Such experience could provide important lessons and opportunities for productive engagement with China as it develops similar projects around the world. Indeed, such cooperation has already been initiated, as both the World Bank and the ADB have agreed to co-finance projects with the AIIB.⁴⁷ China's newly invigorated interest in working with the UN through the recently established UN Peace and Development Trust Fund provides yet another important opportunity to engage with China on the relationship between development and security.⁴⁸

Direct government-to-government engagement between the United States and China should also be involved. The existing framework for annual bilateral talks, the Strategic and Economic Dialogue (S&ED), has the potential to become a key institutional setting to address the overlap between economic issues on the one hand and security and political issues on the other. But even at the S&ED, the silo effect exerts a powerful influence as the government ministries focused on economic topics tend to maintain separation from those tasked with working on security issues.

New and innovative ways need to be found to directly and explicitly address the crossover between these dimensions and institutions. One option would be to explore ways that momentum and recent breakthroughs in climate change and energy cooperation between the United States and China can be applied to a broader range of issues areas and lead to further collaboration. Another opportunity exists in offering lessons from U.S. experience with MNC regulation, including on environmental and labor issues but also on corruption—all challenges now facing China, especially as its firms expand their global investments. Whether framed as corporate social responsibility or political risk

assessment, Chinese government and business officials increasingly see it as in their best interest to better understand and address such issues. With their wealth of experience on these topics, the United States and many European governments are well-positioned to share lessons on governance and outbound foreign direct investment, particularly in terms of how the behavior of MNCs is a matter of national interest worthy of government and societal scrutiny. Steps like these can serve as a starting point for promoting a fuller, more nuanced understanding of China's evolving global influence, especially in terms of the dynamic interaction of power and wealth in general and economic development and security in particular.

Conclusion

China will almost certainly continue to give economic development pride of place in its economic and foreign policies, but development has always entailed social and political change and challenges. So especially as China's own development patterns and policies change, and as they affect and are affected by countries, institutions, and events beyond the country's borders, it is all the more crucial to find creative ways to understand these processes. If overly specialized and rigid ways of thinking can leave one unprepared to understand and react to important realities and complexities, then breaking through those barriers with new ways of understanding and acting can lead to unexpected opportunities. It is imperative to take boundary-breaking steps to better understand China's evolving global role and ensure that the part it plays does in fact enhance, rather than undermine, the prospects for greater prosperity and peace. This is no small task, and it will require the concerted efforts of a range of global actors that all have a stake in China's expanding and changing global role.

It is imperative to take boundary-breaking steps to better understand China's evolving global role.

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