

Introduction

Consider the following three vignettes. First, in 2011, documents found in Tripoli revealed that Chinese state-owned enterprises (SOEs) had agreed to sell US\$200 m worth of arms, including rocket launchers and anti-tank missiles, to the embattled Muammar Gaddafi regime. This was in breach of a United Nations (UN) embargo, to which China was ostensibly committed. Beijing's Ministry of Foreign Affairs (MFA) was totally unaware of the arms deal (Zhang 2013). It insisted that it had asked all government agencies to implement the UN resolution, and denied that any contracts had actually been signed or that any weapons had been delivered. However, the anti-Gaddafi rebels claimed that the arms had been supplied and used against rebel forces (Branigan 2011). This naturally damaged China's official policy of improving relations with Libya's National Transitional Council (Branigan 2011; Taylor and Wu 2013).

Second, in September 2014, 200 Chinese People's Liberation Army (PLA) soldiers entered Indian-claimed territory in the western Himalayas and constructed a 1.9 km road. Indian troops challenged them, leading to a two-week standoff. Though such confrontations along the Sino-Indian border are common, this one occurred just one day before China's President Xi Jinping was to meet Indian Prime Minister Narendra Modi in Delhi, the first visit to India by a Chinese leader in eight years, scotching hopes for rapprochement (Burke and Branigan 2014). Many Indian observers questioned China's sincerity, not least because another border incident had occurred shortly before Premier Li Keqiang's visit to India in 2013 (Tiezzi 2014).

Third, consider China's record on nuclear non-proliferation. Since 2006, Beijing has ostensibly supported tightening sanctions on North Korea in response to its nuclear programme. The Ministry of Transport has directed local governments to implement UN resolutions mandating stricter supervision of cargoes and the prevention of trans-shipment to North Korea. China's big four state-owned banks also stopped dealing with North Korea, and China closed its account with North

Korea's Foreign Trade Bank. Following North Korea's third nuclear test in 2013, Beijing abandoned large-scale bilateral economic cooperation, and subsequently Pyongyang was not included in China's Belt and Road Initiative (BRI), nor invited to join the new China-led Asian Infrastructure Investment Bank (AIIB) (Gray and Lee 2018: 122–3). Simultaneously, however, Chinese investment in North Korea increased. From 2003 to 2012, approved investment grew from US\$1.12m to US\$109.5m, spanning mineral resources, manufacturing, logistics, retail and transportation. Investment only started to decline after 2012, and even then, US\$209.1m was officially recorded in the period 2013–17.¹ By offshoring labour-intensive manufacturing, Chinese investors have increasingly integrated North Korean factories into regional and global production networks, boosting apparel exports to China from US\$186.42m in 2010 to US\$799.3m in 2015, comprising around a third of North Korean exports to China (Gray and Lee 2018: 124–5). Chinese local authorities bordering North Korea have also periodically eased curbs on tourism and trade, cracking down only in response to US pressure (Wong 2017; Daekwon 2018). Unsurprisingly, Beijing has been blasted for undermining UN sanctions, with President Trump tweeting that China had been 'caught red handed'.

These vignettes, though superficially different, each demonstrate inconsistent behaviour in China's foreign and security policymaking and implementation. Indeed, such inconsistent, or even contradictory, international behaviour is very common, including in high-profile issue areas. Yet International Relations (IR) scholars have either ignored or neglected to explain this. Notwithstanding their many differences, all IR approaches view China as a unitary actor in international politics. Consequently, they shoehorn inconsistent behaviour into existing frameworks geared around identifying China's overall, 'real' underlying objectives. Since evidence is mixed, and because the inner workings of China's political system are obscure, observers project the expectations of their preferred theoretical models onto Chinese behaviour.

For example, realists explain the gap between China's formal commitments on North Korean sanctions and their implementation as

¹ Much Chinese investment is not officially approved and so is not recorded in government data.

reflecting Chinese grand strategy: in the context of Sino-US geopolitical rivalry, Beijing seeks to avoid North Korea's collapse to maintain a 'buffer' state between itself and American forces in South Korea (Moore 2007; Habib 2016; Kong 2018). However, closer inspection reveals that deepening trade and investment relations with North Korea have actually been driven by profit-seeking companies and individuals based in border provinces seeking to find new markets, or exploit a lower-cost, more disciplined labour force. Their activities are often encouraged and aided by subnational governments keen to boost their local economies. Rather than directing this activity, Beijing has been largely reactive (Gray and Lee 2018: 124–7). Consequently, even relations with North Korea – a neighbouring, strategically critical country – cannot be aggregated into a single, unified Chinese position under tight central control. Rather, they encompass diverse, potentially contradictory activities by a range of actors operating at different scales – local, provincial, national – within the Chinese party-state.

At its core, this book's argument is simple: China's international engagements often exhibit inconsistent or even contradictory behaviour because China today is not a unitary international actor. Decades of state transformation, involving the fragmentation, decentralisation and internationalisation of party-state apparatuses, mean that many Chinese actors, with often differing interests and agendas – including national ministries, regulatory agencies, law enforcement bodies, provincial and local governments and SOEs – now operate internationally with considerable autonomy and limited coordination and oversight. This produces outcomes that do not necessarily reflect top leaders' agendas – which may themselves be unclear. To many China experts, these claims may seem uncontroversial (e.g. Su 2012; Christensen 2013; Shirk 2014: 401; Jakobson and Manuel 2016). Yet IR debates on China's rise have largely ignored their insights, continuing to treat China as a unitary actor (see Hameiri and Jones 2016). This is due to China experts' overwhelming empiricism – their descriptive approach, treating China as a unique case, and their failure to develop theories and frameworks capable of conveying their important empirical insights into IR-theoretical debates. It also reflects IR theorists' failure to develop suitable frameworks for China scholars to use. Our book aims to bridge this gap. We seek to intervene in IR debates over China's rise by developing and deploying a conceptual framework that foregrounds the changes in China's party-state and their international

ramifications, building on decades of superb empirical scholarship in China studies.

This research agenda has put us in the peculiar position of being simultaneously criticised by China experts for restating the obvious, and by IR scholars for making outlandish claims about the autonomy enjoyed by Chinese agencies. We have dubbed this ‘Schrödinger’s China’: China is simultaneously ‘obviously’ fragmented and ‘obviously’ unitary. This experience only underscores that, in reality, China experts’ ‘common sense’ has yet to connect with mainstream IR debates. Indeed, the gulf between the disciplinary subfields is so profound that it even appears within single volumes: sections on domestic politics discuss fragmentation and multiplicity, but those on international politics revert to treating China as a unitary actor (e.g. Hsiao and Lin 2009; Foot 2013). Another critique we have encountered is that, while the party-state was more fragmented in the past, everything has changed under the ‘new Mao’, Chinese Communist Party (CCP) Chairman Xi Jinping. Yet, as our case studies show, many pre-existing dynamics persist under Xi. The framework we develop can explain both this *and* the recentralisation observed since 2013.

This book therefore builds on – indeed, could not exist without – extensive empirical research by China specialists, including by authors writing in the Chinese language, but it also surmounts the limitations of this work. It does not merely demonstrate the pluralisation of China’s foreign policymaking and implementation processes empirically. Rather, it elaborates a framework that allows us to explain how state transformation processes in China shape China’s international engagements and their outcomes in important policy domains. While we focus on China, this basic framework has been applied to several other ‘rising powers’; indeed, it could potentially be applied to any state (see Hameiri, Jones and Heathershaw 2019). Our principal aim is thus to reshape the crucial IR debate over the nature and implications of the rise of China and other emerging powers today. Given the real and growing risk of conflict and even war between major powers, this is an urgent and critically important task.

China’s Rise: The Misguided Statism of Existing Debates

China’s rapid economic rise in the era of ‘reform and opening up’ is without historical precedent. From 1978 to 2019, China’s gross

domestic product (GDP) grew from US\$218bn to US\$14.14tr (IMF 2019). In 2019, China's nominal share of world GDP, at 16.1 per cent, was second only to the US's 24.4 per cent (Statistics Times 2018). In the second quarter of 2020, amid the economic catastrophe accompanying the coronavirus pandemic, China's economy may have even become the world's biggest in nominal terms, at least temporarily, for the first time in two centuries. Measured by purchasing power parity, China has been the world's biggest economy since 2014, accounting for 19.2 per cent of global GDP in 2019 (versus just 2.3 per cent in 1980), against the USA's 15 per cent (IMF 2019). China also contributes 27.2 per cent to global growth, more than any other state, suggesting the nominal GDP gap with the USA will narrow further (Tanzi and Lu 2018). Chinese trade and outbound investment has also boomed. The value of China's trade rose from US\$1.02tr in 2000 to US\$5.92tr in 2013, making it the largest trading partner for 124 countries (UNCTAD 2018). From 2000 to 2019, China's outward direct investment flows rose from US\$2.3bn to US\$129.8bn, taking the total stock from US\$27.8bn to US\$1.94tr (UNCTAD 2001: 298; 2019a: 213, 217). China has also become a major source of development financing, disbursing an estimated US\$354.4bn in the period 2000–14, just US\$40bn less than the USA (Dreher et al. 2017).

The implications of this astounding economic rise have generated a heated debate among IR scholars, policymakers and the wider public. The IR literature on China's rise is enormous, but the debate has consolidated and stalled around two basic positions. The first, 'revisionist' camp, led by realists, argues that a rising China is intent on harnessing its economic might to expand its national power and ultimately supplant the USA as the dominant global power. The alternative, 'status quo' camp, led by liberals and constructivists, argues that although China dislikes some aspects of the USA-led international order, it has benefited greatly from it and will therefore seek to broadly preserve existing arrangements, even as its power grows.

Unfortunately, ample evidence exists to support both positions (Goldstein 2007). For example, while China has signed the United Nations Convention on the Laws of the Sea (UNCLOS) and incorporated it into domestic law, displaying apparent convergence with international law, Beijing rejected the jurisdiction of a special tribunal in The Hague, established under UNCLOS, to examine the Philippines' challenge to Chinese territorial claims in the South China Sea.

Likewise, while the China-led AIIB resembles other multilateral development banks and thus does not overturn the status quo (Chin 2016; Wilson 2019), other forms of Chinese development financing clearly diverge from, and weaken, global norms, as we discuss in Chapter 4 (see also Hameiri and Jones 2018).

The existence of such discrepant evidence is reflected by disagreements within IR-theoretical schools, as some scholars slide into the ‘revisionist’ camp and others into the ‘status quo’ camp. For example, some realists think China is moving to challenge US hegemony, others that it remains weak and can be contained (Mearsheimer 2014a; cf. Kirshner 2012). Similarly, some Marxists detect evidence that China is mounting a counter-hegemonic challenge to the USA and the two states may enter an inter-imperialist war, while others maintain that China is rising within a US-led capitalist system (Arrighi 2007; Callinicos 2009; cf. Saull 2012; Hung 2016). Some liberals and English School adherents argue that China is challenging the liberal global order, others that it is seeking only minor revisions within an order that can survive relative US decline (Friedberg 2005; Chin and Helleiner 2008; cf. Ikenberry 2008; Buzan 2010). Likewise, some constructivists suggest Beijing is being socialised into the prevailing system of rules, others, that Chinese culture entails a revisionist orientation (Johnston 2003; Acharya 2006; cf. Johnston 1998; Kang 2003; Wang, Yuan-Kang 2013).

As neither side has managed to conclusively settle the argument with the available evidence, the debate has stalled and become speculative, turning less on what China is actually doing now than on claims about what it will do or become in the future (Breslin 2013). The content of this speculation is largely determined by scholars’ preferred theoretical models, refracted into the worldviews of policymakers and others. For example, because of their ‘zero-sum’ theorising of international relations, realists see rising powers as naturally revisionist. As rising powers become stronger relative to traditional powers, they will invariably seek to challenge them, while the latter will try to restrain their rivals’ rise. This leads ‘offensive’ realists and power transition theorists to anticipate conflict and war (Gilpin 1981; Kennedy 1988; Mearsheimer 2014b). ‘Defensive’ realists are less pessimistic: because they assume that states seek security, not domination, they believe that rising powers can be contained by balance-of-power policies (Kirshner 2012). Nonetheless, because all realists expect China to be revisionist,

they explain away inconsistent behaviour as only a temporary accommodation with the status quo: Beijing is merely 'biding its time'.

Unlike realists, liberals believe that durable international cooperation is possible when states have shared interests, especially when international institutions lock in mutually beneficial arrangements. They maintain that China has benefited enormously from the US-led, post-war 'liberal international order', with its deep enmeshment in the global economy creating strong incentives to cooperate (Ikenberry 2008; Shambaugh 2013; Gu 2017). Accordingly, they interpret and explain revisionist behaviour by China as merely an attempt to improve its position within the existing order, rather than a 'revolutionary' attempt to overthrow it (Kahler 2013; Ikenberry and Lim 2017).

Because constructivists and English School scholars see rising powers' orientation towards the existing order as rooted in potentially shifting identities and norms, they can more easily fall into either camp in the rising China debate (e.g. Acharya 2011; Loke 2017; Pu 2017). Nonetheless, they fare no better in explaining the co-existence of revisionist and status quo behaviours. For example, while Zhou (2003) explains China's increasingly constructive participation in global nuclear governance by reference to its shifting identity from a 'special nuclear state' to a 'normal nuclear state', this cannot explain why Chinese behaviour actually displays revisionist and status quo orientations simultaneously. Indeed, while China has become increasingly willing to commit itself to nuclear non-proliferation treaties, its nuclear cooperation with countries such as Iran and Pakistan has been undermining the credibility of its promise (Hameiri and Zeng 2020).

Recent rising tensions between the USA and China, especially over trade and technology, have also been understood through this limited debate. For those who already thought China was a revisionist power, the conflict supplies further proof for their original thesis (Friedberg 2018; Mearsheimer 2019). For those on the status quo side, growing geopolitical frictions are largely understood to result from US provocations under the Trump administration (Ikenberry 2018; Fravel et al. 2019). Thus, although rising Sino-US hostility has undoubtedly boosted the revisionist position in Western policymaking circles and beyond, the underlying impasse in the debate has not been resolved.

This selective approach to evidence and paralysed debate reflect a shared weakness of IR approaches: their view of China as a unitary

actor in international politics. This sometimes reflects the generic statism of many IR theories, which simply assume that states are unitary actors as a basic axiom, and sometimes a perception that China, like the other so-called BRICS (Brazil, Russia, India and South Africa), is a ‘Westphalian’ state, protective of its national sovereignty (Laïdi 2012; Cooper and Flesmes 2013). In China’s case, this view is reinforced by its authoritarian, one-party political system, which appears to outsiders as a monolithic, top-down system that ensures coherent, strategic policymaking.

Most IR theories are ontologically predisposed to viewing states as unitary actors, even those that take account of domestic factors in policy formation. For mainstream ‘third image’ theorists like neorealists and neoliberal institutionalists, it is unnecessary to consider states’ internal structures as the international system drives all states to behave in similar ways (e.g. Keohane 1984; Mearsheimer 2014b). Constructivists may have challenged the idea of states as rational actors, but they have largely maintained a view of states as coherent ‘units’ possessing identities as well as interests – even theorising the state as a ‘person’ (Wendt 2004). Importantly, even approaches that ostensibly accept that states are not unitary actors, such as liberalism and foreign policy analysis, ultimately see states as behaving as such, after internal contestation is authoritatively resolved into a singular policy decision (e.g. Putnam 1988; Legro and Moravcsik 1999; Hill 2016). This leaves these IR approaches unable to reckon with contradictory behaviour by states, leading analysts to cherry-pick or interpret evidence in ways that support their preferred theory. Thus, for realists, for example, Chinese behaviour that seems irrational and counterproductive – such as investing in white-elephant projects like loss-making ports – is rationalised as serving a cunning strategic plan: extending China’s strategic reach through ‘debt trap diplomacy’ (cf. Jones and Hameiri 2020).

The validity of these statist frameworks has been challenged by historical sociologists and historians, who have long argued that empires in Europe, Asia and Africa, including China (as we discuss in Chapter 1), were administratively decentralised and sprawling, challenging the assumption that the ‘units’ of international politics have always resembled the territorialised ‘power containers’ of IR’s nation-states (e.g. Nexon 2009; Phillips and Sharman 2015). Indeed, territorially bounded Westphalian statehood really only consolidated in

Europe and European settler societies in the nineteenth and early twentieth centuries, spreading globally only with decolonisation after World War II (e.g. Hobsbawm 1987; 1994; Van Creveld 1999; Reus-Smit 2013; Teschke 2003; Sassen 2006). As most IR theories developed in this period of state consolidation, unsurprisingly they have tended to naturalise Westphalian statehood as a trans-historical fixture of international politics (Walker 1993; Buzan and Lawson 2015).

A further challenge to the statism of IR's rising powers comes from studies on contemporary processes of state transformation, which are related to the intensification and deepening of economic globalisation. Many scholars have noted the growing fragmentation of the traditional Westphalian state and the associated rise of novel modes of governance (Sassen 2006). These include, amongst other things: global and multilevel governance (Hooghe and Marks 2003; Rosenau 2003; Coen and Pegram 2018); transgovernmental networks (Slaughter 2004); networked politics (Ansell 2000); 'neo-medievalism' and 'transnational neo-pluralism' (Cerny 2010); state rescaling (Keating 2013); subnational 'paradiplomacy' (Aldecoa and Keating 1999); 'local internationalism' (Massey 2007); and new scalar governance arrangements (Jessop 2002; Brenner 2004). Though varying in their focus and theoretical orientation, these studies share a broad concern with understanding shifts in statehood from Weberian 'command and control' models to more fragmented, networked and regulatory modes of statehood. Such transformations are seen to have blurred the distinction between the domestic and international domains, while greatly expanding the range of state, non-state and intergovernmental actors involved in the making and implementation of policies with international implications, and the variety of modes of governance through which these actors interact with each other across borders (Jayasuriya 2001; 2012).

While not always oblivious to these intellectual developments, the IR literature on rising powers, and on China specifically, has assumed that while state transformations may perhaps have occurred in 'post-Westphalian' regions like Europe, non-Western rising powers have resisted such processes (Sørensen 2004). The latter are typically portrayed as more tightly controlled internally, entailing external resistance to transnational governance and 'a neo-Westphalian commitment to state sovereignty and non-intervention' (Cooper and Flesmes 2013: 952). They are 'a coalition of sovereign state defenders', united by the

desire to erode ‘western hegemonic claims by protecting ... the political sovereignty of states’ (Lai 2012: 614–15). China has thus been described as a ‘unitary, Westphalian state’ (Tubilewicz 2017: 933); ‘a unitary or monolithic entity’ (Taylor 2014: ch. 1); and an authoritarian, top-down system where, ‘[o]nce the general secretary gives orders, factions salute and do their job with only minimal passive resistance at the margins’ (Norris 2016: 49). Accordingly, China is a ‘conservative power’ (Johnston 2003: 14–15), with a ‘rather traditional’ approach to sovereignty (Kang 2007: 79), seeking to ‘reaffirm sovereignty and internal autonomy against challenges from evolving concepts of human rights, domestic governance, and humanitarian intervention’ (Buzan 2010: 14; also Etzioni and Ikenberry 2011; Harris 2014: ch. 3). Even self-proclaimed ‘critical scholars’ concur that China is a clear case of Westphalian sovereignty in which ‘despotic and infrastructural power [are] still deployed within a bounded state territory’ (Agnew 2009: 130; see also Rolf and Agnew 2016: 264–5).

For many, therefore, China is actively reversing earlier state transformation trends globally, dragging the world ‘back to Westphalia’ (Flemer 2013: 1016). As Ginsburg (2010: 27) argues, ‘any “Eastphalian” world order will mean a return to Westphalia ... [emphasising] principles of mutual non-interference ... sovereignty, and formal equality of states ... [and] putting an end to the brief interlude of European universalism and global constitutionalism’. This cyclical view of international politics is also reflected in works with titles like ‘Will Asia’s Past Be Its Future?’ (Acharya 2006), and predictions of the international system going ‘Back to the Future’ (Mearsheimer 1990; Jervis 1991; Auslin 2013). Indeed, some have explicitly argued that, given the nature of its state, China offers ‘no viable alternative to the Cold War structure of international relations based on absolute sovereignty, non-interference and traditional power balancing’ (Odgaard 2007: 216), with a ‘new cold war’ thus developing between the USA and China (Shearman 2014), a sentiment endorsed by US Vice-President Pence in late 2018 (in Mead 2018).

China’s authoritarian system of government has certainly reinforced this perception that it is a unitary actor. The hierarchical structures of the CCP, which has ruled China since 1949, appear to allow top leaders near-absolute control over all state apparatuses, from Beijing down to the remotest village, while the private sector and civil society enjoy scant political space or autonomy (McGregor 2010). Analysts have