Taking History as a Mirror

Using History and Ideology to Understand China’s Rise under Xi Jinping

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<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<td>AIIB</td>
<td>Asian Infrastructure Investment Bank</td>
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<td>APEC</td>
<td>Asia-Pacific Economic Cooperation</td>
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<td>BIT</td>
<td>Bilateral Investment Treaty</td>
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<td>BRI</td>
<td>Belt and Road Initiative</td>
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<td>BRICS</td>
<td>Brazil Russia India China South Africa</td>
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<td>CCP</td>
<td>Chinese Communist Party</td>
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<td>CFAC</td>
<td>Central Foreign Affairs Commission (China)</td>
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<td>DXPWX</td>
<td>Deng Xiaoping Wenxuan (Selected Works of Deng Xiaoping)</td>
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<td>EU</td>
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<td>FAO</td>
<td>Foreign Affairs Office (China)</td>
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<td>FPPC</td>
<td>Five Principles of Peaceful Coexistence</td>
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<td>G20</td>
<td>Group of 20</td>
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<td>HJTWX</td>
<td>Hu Jintao Wenxuan (Selected Works of Hu Jintao)</td>
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<td>IFPP</td>
<td>Independent Foreign Policy of Peace</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<td>MDB</td>
<td>Multinational Development Bank</td>
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<td>MFA</td>
<td>Ministry of Foreign Affairs (China)</td>
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<td>NDS</td>
<td>National Defense Strategy (US)</td>
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<td>NSC</td>
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<td>National Security Strategy (US)</td>
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<td>PLA</td>
<td>People’s Liberation Army</td>
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<td>PRC</td>
<td>People’s Republic of China</td>
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<td>SEZ</td>
<td>Special Economic Zone</td>
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<td>US</td>
<td>United States</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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<td>XJPTZGLZ</td>
<td>Xi Jinping Tan Zhiguo Lizheng (Xi Jinping: The Governance of China)</td>
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In this May 2, 2016 photo, People’s Liberation Army veteran Zhao Shunli uses a rear view mirror to refine his look at his home in Luoyang in central China’s Henan province. (AP Photo/Ng Han Guan)
Executive Summary

There is a risk of a “New Cold War” between the US and China. Despite decades of bilateral engagement and multilateral collaboration, the US government has decided that increased tensions in diplomatic, security, and trade relations under Chinese leader Xi Jinping merit treating the country as a “revisionist power.” This premise has serious implications for the international order that underpins global peace and prosperity, as US attitudes toward China will, in turn, affect China’s faith in this existing order.

The US and China are arguably the world’s two most powerful countries. Given the potential for conflict between established and rising powers, it is crucial for US policymakers to determine whether Xi has altered China’s international strategy. Does Xi intend to reorient Chinese foreign policy, stop opening China’s economy to external actors, and replace the existing world order in pursuit of China’s power ambitions?

This report goes beyond the headlines to analyze Xi’s foreign policy discourse. It uses historical analysis of official strategies to suggest that there may be more continuity than commonly assumed between Chinese foreign policy under Xi and that under his predecessors. In particular, Xi has not changed the fundamental strategic orientation of China’s external relations in the post-Mao era: “Opening” and “Peace and Development.”

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This report makes four recommendations intended to help the US government better respond to the rise of China under Xi and improve the likelihood that China chooses to exercise its growing power in a responsible, orderly, and mutually beneficial manner:

1. Maintain a policy of engagement with China, including:
   a. Improve political rhetoric about China
   b. Recommit to high-level political dialogue
   c. Seek bilateral cooperation on transnational issues
   d. Revive the Six-Party Talks
   e. Increase military-to-military relations
   f. Reinforce domestic institutions

2. Reform global governance and join Chinese-led initiatives

3. Increase domestic investment in global diplomacy

4. Do not place trade sanctions on China (use the WTO instead)
1. **Introduction: Increased Activism in Chinese Foreign Policy under Xi Jinping**

**Research Issue: China’s Rise and Xi Jinping**

The rise of China as a regional power and a global actor is one of the defining trends of contemporary international relations. China’s trajectory will exert enormous influence on the economy, politics, and security of individual countries, multilateral institutions, and the global commons. Thus, it behooves governments around the world to pay close attention to the Chinese government and Chinese foreign policymaking.

This task is of even greater import for the United States. The US remains the world’s leading power and seeks to preserve its stewardship of global security, its leadership of the global economy, and its role as the global norm-setter. China’s rise is a particular challenge for the US because China is an authoritarian one-party state—ruled by the Chinese Communist Party (“CCP”)—that rejects the values of human rights and liberal democracy, contests territory with US allies and partners, and uses industrial policy to give Chinese firms competitive advantages in domestic and international markets.

China-watchers are increasingly worried about China’s authoritarian direction under CCP General-Secretary Xi Jinping. Since he became the “paramount leader” of China’s three arms of government—the CCP, the State, and the People’s Liberation Army (“PLA”)—in 2013, Xi has amassed extraordinary personal power and overturned key norms of “collective leadership” that emerged under his predecessors. Under his leadership, the

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2. This paper uses the term “China” as shorthand for the People’s Republic of China (“PRC”).
CCP has abolished presidential term limits, failed to anoint a successor, and employed an anti-corruption campaign to purge Xi’s political opponents.\(^5\)

Xi has also pursued an increasingly activist foreign policy. During Xi’s first five-year term as CCP leader, China has: built militarized islands to press its sovereignty claims in the South China Sea; declared an Air Defense Identification Zone over the Diaoyu / Senkaku Islands that it contests with Japan; created the Asian Infrastructure Investment Bank (“AIIB”); and launched the Belt and Road Initiative (“BRI”) to connect China with Eurasia, Africa, and the Indo-Pacific through a massive program of infrastructure projects.\(^6\) China also continues to strengthen the PLA, master advanced technologies, protect domestic industries, and resist international action against sovereign states.\(^7\)

Xi has signaled that a more activist foreign policy is an essential aspect of his political agenda.\(^8\) In October 2013, Xi convened a first-ever Periphery Diplomacy Work Forum to outline China’s greater focus on regional initiatives such as the BRI and AIIB.\(^9\) In November 2014, Xi held a Central Conference on Work Relating to Foreign Affairs, the first since 2006, which indicated the priority that Xi attaches to creating a “more enabling international environment” for China’s growth.\(^10\)

Since US-China rapprochement in 1972, the prevailing paradigm in US policy towards China has been “engagement.” This approach held that the


\(^9\) Xi Jinping, “Diplomacy with Neighboring Countries Characterized by Friendship, Sincerity, Reciprocity and Inclusiveness,” October 24, 2013, Main points of the speech at a seminar on the work of neighborhood diplomacy, XJPTZGLZ, Vol. 1.

US should “welcome the rise of a stable, peaceful, and prosperous China” and “reject the inevitability” of “confrontation” with this rising power. A positive frame for bilateral relations would show China that the existing world order served its interests and encourage China to support that order even as it became a more powerful international actor.¹¹

But China’s path under Xi has led US policymakers to reconsider engagement. The Trump administration’s first National Security Strategy (“NSS”) called China (and Russia) a “revisionist power” that seeks to “displace the United States in the Indo-Pacific region” and “shape a world antithetical to U.S. values and interests.” It said that the engagement policy had “failed” and that “great power competition” had returned between the US, China, and Russia.¹² Soon after, the National Defense Strategy (“NDS”) changed the primary focus of US strategy from fighting terrorism to preventing the threat to “U.S. prosperity and security” and “international order” posed by China’s quest for “global preeminence” and the leadership of an “authoritarian” world.¹³

The Trump administration has implemented policies to curb China’s diplomatic, economic, and technological rise. The US refuses to join the AIIB or BRI and has revived the “Quadrilateral Security Dialogue” with Japan, India, and Australia to counter China’s elevated role in regional affairs.¹⁴ The US has imposed tariffs on US$50 billion of Chinese imports, sought to block Chinese investment in US technology, and placed visa restrictions on some Chinese students.¹⁵ The US has continued to shift its foreign policy focus from diplomacy to security via higher funding for the Defense Department and huge projected cuts to State Department budgets.¹⁶

Research shows that rising powers like China often clash with ruling powers like the US because their ascendance creates structural stress within existing patterns of global power. US power lies in the current “international order” of multilateral institutions, interstate rules, and global norms that serve generally to promote economic openness and rules-based dispute resolution. The particular charges of “revisionism” leveled in the NSS and NDS show that the Trump administration believes that Xi’s China wants to fundamentally overturn the structure and nature of world order.

**Research Question: To What Extent Has China’s Outlook Changed?**

The central question that this report will address is: “To what extent has China’s international outlook changed under Xi and how should the US, therefore, respond to Xi’s China?”

This report will study Xi’s authoritative policy statements and identify two overarching strategies that underpin the CCP’s foreign policy. Given the Trump administration has adopted an adversarial approach to China based (at least in part) on a reassessment of Chinese intentions, this report will then analyze the historical context and evolution of these longstanding strategies, show how this history informs Xi’s policymaking today, and evaluate the extent to which China’s international outlook has changed.

This report will do so through the analytic lens of official Chinese foreign policy discourse in the Xi era. As detailed in the Methodology section below, the terminology used by CCP leaders in China’s Leninist one-party polity purposefully communicates significant information about the CCP’s strategies, outlook, and intentions. Thus, an analysis of key CCP concepts provides insight into how Xi views China and the world.

This report hopes to improve US strategy by delving deeper into Chinese policy thinking than many voices in the current debate. It is vital to understand the specific perspectives and objectives of Chinese policymakers.

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on their own terms, especially given the enormous systemic differences between the US and China.\textsuperscript{18} And historical analysis is essential in order to appreciate the strategic continuities that endure even amidst the obvious policy changes that have occurred under Xi.\textsuperscript{19} The ultimate objective of this report is to use this perspective on Xi’s foreign policy to provide US policymakers with recommendations for how to improve US-China relations.

Of course, Chinese foreign policy is an enormous field of potential inquiry, so, naturally, this report comes with caveats. First, space constraints mean that this report only focuses on the two most important out of many more specific but subordinate foreign policy strategies, which this report does not cover in any detail. Second, since access to China’s leaders is impossible, this analysis must rely on the written policy record (supplemented by expert interviews and the secondary literature), which may not entirely reflect current policy planning. Third, this report examines China’s foreign policy at a particular point in time; unforeseen international events or the promulgation of new CCP doctrines could alter its conclusions. Fourth, while this report should prove useful to policymakers everywhere, it focuses on the US as the world’s leading power.

The structure of this report is as follows. Section I has introduced the research project. Section II will introduce the research methodology and identify the two critical strategic concepts that underpin CCP foreign policy under Xi. Section III will present the findings of a historical analysis of these strategies and show how they remain relevant today. Section IV will offer recommendations for how the US could improve its foreign policy with regards to China’s rise. Section V will rank these options against common foreign policy criteria. Section VI will summarize this report’s conclusions.


2. **Methodology: Ideology and History in Chinese Foreign Policymaking**

**Foreign Policymaking in China**

Policymakers must study Xi Jinping’s thought because he is the critical actor in Chinese foreign policymaking. While any country’s foreign policy depends to some extent on its leadership, China’s political structure magnifies the personal influence of the top leader on its fundamental orientations, overarching strategies, long-term goals, and specific policy lines with regards to major powers and neighboring countries.

Xi chairs the CCP Politburo Standing Committee, which wields executive authority over all policymaking, including foreign policy. Xi also chairs the primary decision-making bodies in Chinese foreign policy: the CCP’s Central Foreign Affairs Commission (中央外事工作委员会 “CFAC”) and National Security Commission (国家安全委员会 “NSC”). These institutions under the CCP Central Committee serve to direct and coordinate the foreign policy and national security work of other government agencies.

CCP organizations outrank State organizations, so China’s ministries enjoy less power than their US equivalents. China’s Foreign Minister, Wang Yi, is not part of the CCP Politburo, the Cabinet-like group of China’s top 25 leaders. The Ministry of Foreign Affairs (“MFA”) handles the day-to-day management of China’s international relations, but it wields little leverage over the FALSG policy directives that it must implement.

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20 Interviews with Yang Xuedong, Ren Xiao, Shi Yinhong, Paul Haenle, and James Oswald in Beijing in January 2018 played a significant role in shaping the approach of this section.


22 According to Shambaugh, the FALSG also includes: the state councilor in charge of foreign affairs, the minister and executive vice minister of foreign affairs, minister of state security, minister of commerce, minister of defense, minister of the Central Committee International Department, and other ministerial level officials as necessary.

23 Shambaugh, *China Goes Global*, pp. 45-120
Despite the rising influence of “new foreign policy actors” in China—e.g., experts, firms, public opinion, and local governments—ultimate decision-making authority still rests with Xi. 24 While predecessors like Hu Jintao (2002-2012) and Jiang Zemin (1989-2002) occupied similar positions, Xi’s elevated power profile means that his word, and his worldview, is even more important to understand than those of Hu and Jiang. 25

The Special Role of Discourse and History in China

Given that Xi holds much sway over Chinese foreign policy, US policymakers must study how he thinks. But how best to do so? Ernest May, writing about the US, advised policy-oriented historians to analyze the “words commonly used in governmental discourse” because “each word has not only roots and current definitions but also connotations partly traceable to past contexts.” 26 This observation is even truer in China, where formal political discourse reflects meaningfully the views of the CCP leadership. 27

The CCP, a Leninist organization with almost 100 million members, rules China through official policy directives that are disseminated down from Beijing through an administrative hierarchy of provincial, prefectural, county, township, and village governments. To wield power, CCP leaders must convert their policy preferences into leadership decisions that produce official documents, which then bind CCP cadres. 28

24 According to Shambaugh, the FALSG also includes: the state councilor in charge of foreign affairs, the minister and executive vice minister of foreign affairs, minister of state security, minister of commerce, minister of defense, minister of the Central Committee International Department, and other ministerial level officials as necessary.
25 Shambaugh, China Goes Global, pp. 45-120.
This system of “documentary politics” elevates the importance of political expression. The CCP Propaganda Department issues regular orders on the correct terminology to accurately articulate current policy. While words matter in any polity, official control of language means that political discourse in China carries far more information about official strategy than in freewheeling liberal democracies like the US. Censorship also allows the CCP to exercise “direct control over political discourse” everywhere.29

China’s political discourse is composed primarily of “formulations” 抹法, short phrases that represent an official policy line to which all CCP members must adhere. Formulations reflect the views of the top CCP leadership and thus generally set the boundaries of what is possible for leaders, officials, scholars, writers, citizens, and other potential policy entrepreneurs within the Chinese system.”30

Formulations, of course, do not induce action.31 Nor are they statements of literal belief in abstract concepts. Instead, they reflect the current official judgments of the CCP leadership about their present situation, future goals, and policy strategies. Different leaders act based on their particular perceptions and prioritizations of national interests, but to the extent that they succeed in changing CCP policy they change the formulations used to express CCP policy.

The presence or absence of specific formulations, therefore, signals the continuation or change of official policy strategies.32 For example, after Mao Zedong died, the CCP stopped mentioning “world revolution” 世界革命 and the “three worlds theory” 三个世界理论 because the new CCP

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31 Even though Americans too may struggle to challenge “sacred historical narratives” such as the correctness of Truman’s decision to drop atomic bombs on Japan: Edward Linenthal and Tom Engelhardt (eds.), History Wars: The Enola Gay and Other Battles for the American Past, New York: Henry Holt, 1996, pp. 1-7.

leadership under Deng Xiaoping no longer endorsed these ideas.\textsuperscript{33} Xi’s ability to introduce new formulations is a key signal of his policy influence within the CCP. Another signal is the scarce reference to previous leader Hu Jintao’s once-ubiquitous foreign policy formulation of the “harmonious world”.\textsuperscript{34}

China’s foreign policy is expressed, explained, and justified using the CCP’s official political discourse. So the concepts and values through which CCP leaders understand their interests provide valuable insight into the higher-level strategies behind the day-to-day of foreign policy.\textsuperscript{35} Thus, the CCP’s formulations offer useful information about the content, goals, and priorities of Chinese foreign policy. Indeed, Beijing’s official Foreign Languages Press sometimes translates the Chinese word for “formulations” as the “views we [the CCP leadership] have formed.”\textsuperscript{36}

In this way, formulations distill the historical learning of the CCP. An essential component of the CCP’s control over political discourse in both the public and the policy realms is its control over the interpretation of the past, both to manufacture a political narrative of legitimacy and to suppress dissent disguised as historical commentary. Historical memory is intensely political and tightly controlled.\textsuperscript{37}

So if policymakers examined the significant formulations in Xi’s foreign policy discourse and the historical contexts for their creation, they could better understand the direction in which China is heading. Scholars have previously found that rhetoric and strategy in Chinese foreign policy have been remarkably consistent. This consistency occurs because the CCP’s policy concepts have been continually interpreted to fit China’s changing international situation.\textsuperscript{38}


\textsuperscript{34} Chan, \textit{Chinese Perspectives on International Relations}, pp. 66-67.


\textsuperscript{37} Nathan and Scobell, \textit{China’s Search for Security}, p. xiv.

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Such an approach to understanding Chinese foreign policy resonates with the extant literature on “applied history” and “thinking in time” in foreign policymaking. Xi’s foreign policy grows from a particular set of historical experiences and expectations. This insight highlights how important it is for US policymakers to consider how foreign leaders like Xi may hold different perceptions of “national interest” compared to those expected of them in Washington, DC. As the historian Margaret MacMillan wrote:

“If you do not know the history of another people, you will not understand their values, their fears, and their hopes or how they are likely to react to something you do. There is another way of getting things wrong and that is to assume that other peoples are just like you.”

What are the Major Formulations in Xi Jinping’s Foreign Policy Discourse?

The most authoritative articulation of Xi’s policy agenda is his October 2017 “Report” 报告 to the 19th CCP National Congress, a quinquennial assembly of the CCP’s highest body. The Report is an official policy statement that maps the direction for at least the next five years of CCP rule. The CCP formally adopted Xi’s report in a “Resolution” 决议—the highest rank in the CCP’s document hierarchy—passed at the 19th Congress.

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40 Nathan and Scobell, China’s Search for Security, pp. 27-31.


Recent developments in Chinese domestic politics illustrate well the importance of the Congress. Xi proved his extraordinary authority by having the Congress enshrine his signature contribution to CCP ideology, “Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era” 习近平新时代中国特色社会主义思想, into the Constitution. This honor had previously been reserved only for Mao and Deng, and the CCP has not so empowered a sitting leader since Mao. This personal imprimatur over political discourse endows Xi with greater authority to shape CCP policy.46

With regards to foreign policy, while Congress Reports do not contain specific directives about individual countries or international institutions, they do make authoritative statements about the CCP’s view of the external environment, its goals and priorities in foreign policymaking, and its main strategies for the achievement of these goals.47

In contrast with many views of contemporary Chinese foreign policy, the thrust of China’s foreign policy strategy in Xi’s Report was actually quite consistent with that of previous CCP leaders.48 For example, Xi framed the foreign policy section of the Report under the title of “following a path of peaceful development and working to build a community of common destiny for humankind.” Xi highlighted that:

\[
\text{China will continue to hold high the banner of peace, development, cooperation, and mutual benefit and uphold its fundamental foreign policy goal of preserving world peace and promoting common development ... China adheres to the fundamental national policy of opening up and pursues development with its doors wide open.}
\]

The principal foreign policy concepts articulated by Xi in his Report—“peace” and “development” and “opening”—originated in the tenure of former paramount leader Deng Xiaoping (~1978-1992). Indeed, the fundamental goals of Chinese foreign policy according to Xi are the same as

46 Heath, China’s New Governing Party Paradigm, Glossary.
47 Michael Swaine, “The 19th Party Congress and Chinese Foreign Policy.”
those articulated by his predecessors Hu Jintao, Jiang Zemin, and even Deng and his protégés Hu Yaobang and Zhao Ziyang. 49

This continuity in strategy suggests that Xi may not have changed the orientation or objectives of Chinese foreign policy so much as the means by which the CCP chooses to pursue its goals. Therefore, historical analysis of longstanding strategies within Xi’s foreign policy can shed light on their original intention and how this background both affects and may be affected by China’s current situation. Top CCP journals have published articles that urge China to “continue taking Deng Xiaoping’s thought on foreign policy as a guide” in the present era. 50

Xi has also introduced many new concepts into the CCP foreign policy discourse, including four new additions to the Constitution. First, China seeks to build a “community of common destiny for humankind” 人类命运共同体. Second, China will pursue the BRI 一带一路. Third, China’s economic diplomacy will obey a “correct profit-justice concept” 正确利益观 to ensure mutual benefits. Fourth, China will “achieve shared growth through discussion and collaboration” 共商共建共享in global governance. 51

These new terms signal Xi’s power within the CCP. That Xi’s elevation within the CCP must be attended by new terminology is yet another signal of how necessary formulations are to understanding CCP policy. But, in the foreign policy realm, Xi’s new terms have not changed the overarching strategies that underpin China’s outlook on the international situation, China’s view on how the global order should evolve, or the fundamental policy orientation that the CCP hopes will enable China to achieve its goals. This analytic perspective suggests there exists a basic continuity in

49 Lu Ning, Foreign-Policy Decisionmaking in China, pp. 87-89, 156-161: Unlike Mao, Deng did not usually make foreign policy alone. While Deng’s personal leadership secured the Sino-Japanese Peace Treaty of 1978 and Sino-American diplomatic normalization, he was also chastened by the unsuccessful border war he launched against Vietnam in 1979. So Deng consulted with other members of the PBSC—Hu Yaobang, Zhao Ziyang, Ye Jianying, and Li Xiannian—and during the 1980s he allowed Hu and Zhao to lead the implementation of the CCP’s foreign policy under approved strategic frameworks. However, Deng remained the ultimate decision-maker in foreign policy and approved all major initiatives.


51 CCP 18th Party Congress, “Resolution on the Revised Draft of the CCP Constitution.”
China’s foreign policy that is underappreciated in narratives of radical change under Xi.⁵²

**Research Strategy**

Signs of China’s rising power are a natural result of its growth; more important is how China intends to use this power and what it wants to achieve.⁵³ Policymakers, therefore, need to comprehend better the worldview, strategies, and intentions that inform Xi’s foreign policy. Understanding this context would help the US make China policy in a manner that more advances international peace, prosperity, and order.

Formulations are historically contingent. They come from particular historical experiences and have specific foreign policy meaning. New leaders bring these formulations to bear on a different reality. Given that CCP discourse has the vital function of sending policy signals from the leadership to its cadres, members, and the Chinese public, Xi’s prominent retention of key Dengist terms suggests that they contain meaningful information about Chinese strategic thinking under the Xi leadership.⁵⁴

The starting point for this analysis is an examination of the underlying strategic concepts of “Opening” and “Peace and Development” in Xi’s foreign policy discourse. Both terms originated under Deng, the CCP paramount leader who assumed power in 1978, soon after the death of Mao, and radically reoriented China’s national strategy from world revolution to economic development and international engagement.

This report will examine Deng’s authoritative writings as primary sources that provide insight into the historical origins and foundational intentions

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⁵³ Susan Shirk, *China: Fragile Superpower*, New York: Oxford University Press, 2007: “The question of whether China is a threat to other countries cannot be answered just by projecting China’s abilities—its growth rates, technological advances, or military spending—into the future as many forecasters do. Strength is only one part of the equation. Intentions—how China chooses to use its power—make the difference between peace and war.”
⁵⁴ Nathan and Scobell, *China’s Search for Security*, pp. 27-31; Interview with Odd Arne Westad, March 2018.
of Opening and Peace and Development. The nature of their continued relevance in Chinese foreign policy is then determined based on Xi’s policies, the secondary literature on Chinese foreign policy, and expert interviews. This analysis then forms the basis of recommendations for US policymakers.


3. **Findings: How Discourse and History Illuminate Xi Jinping’s Foreign Policy**

**Strategy #1: Opening (对外开放)**

**Findings**

- The CCP under Xi Jinping continues to pursue the “Opening” strategy initiated by Deng Xiaoping to achieve its existential imperative of domestic development.

- Opening means that China must continue to internationalize its economy to achieve growth and uphold the political strength of the CCP.

- Opening, therefore, resembles modernization more than liberalization in that the CCP will seek to open new sectors to trade and investment on its own terms.

- Opening occurs with the proviso that the CCP will retain ultimate control over vital domestic sectors such as finance and primary resources.

- Opening co-exists with the CCP’s goal for economic and technological self-reliance in key areas, which guides industrial policy in strategic sectors.

**Historical Context of Opening**

Deng emerged as China’s paramount leader after the Third Plenum of the Eleventh CCP Central Committee in December 1978. The Plenum decided China should pursue “four modernizations” (四个现代化) in industry, agriculture, science and technology, and national defense. This verdict marked a shift in the CCP’s primary focus from “class struggle” (阶级斗争) under Mao to “developing the productive forces” (发展生产力).

Mao had curtailed China’s foreign relations during most of his rule (1949–1976). He adopted an extreme policy of “self-reliance” (自力更生) that
lionized domestic production, banned foreign investment, and restricted international trade. Furthermore, after Mao entered the Korean War in 1950, the US imposed an economic embargo against China that lasted until the year before US-China rapprochement in 1972.\textsuperscript{57}

In 1978, China, the world’s most populous country, was only the world’s tenth-largest economy, with a low-income GDP per capita of US$156.\textsuperscript{58} Deng attributed China’s underdevelopment to Mao’s self-isolation. Disastrous, xenophobic domestic campaigns such as the Great Leap Forward (1958-1962) and the Cultural Revolution (1966-1976) had created political instability, diplomatic isolation, and economic stagnation. Deng said this “historical experience”\textsuperscript{59} showed that a closed China could not develop.

Deng contrasted the “mistakes” of Mao’s later years with the economic success the CCP had engineered in the early years of its rule.\textsuperscript{60} During the First Five-Year Plan (1953-1957), which built China’s “agricultural and industrial base,” China imported goods, capital, and expertise from the USSR and Eastern Europe.\textsuperscript{61} But while China then turned inward, Deng expressed his admiration for other governments in Japan, Singapore, and Western Europe that had rebuilt their postwar economies and polities through foreign trade, foreign loans, and foreign technology.\textsuperscript{62}

The basic policy advanced by Deng to achieve economic development in China after 1978 was “internal reform and opening to the outside world”\textsuperscript{63}—commonly known as “reform and opening”\textsuperscript{64}. Deng shifted the CCP development model from heavy industry to export-oriented


\textsuperscript{59} Deng Xiaoping, “Our Magnificent Goal and Basic Policies,” An interview with Chinese and foreign delegates to a symposium on China’s economic cooperation with foreign countries, October 6, 1984, DXPWX, Vol. 3.

\textsuperscript{60} Deng Xiaoping: “We Shall Expand Political Democracy and Carry Out Economic Reform,” Excerpt from a talk with Vice-President Ali Hassan Mwinyi of the United Republic of Tanzania, April 15, 1985, DXPWX, Vol. 3; “We Are Undertaking an Entirely New Endeavour,” Excerpt from a talk with General Secretary Kadar Janos of the Socialist Workers’ Party of Hungary, October 13, 1987, DXPWX, Vol. 3; “Circumstances Oblige us to Deepen the Reform and Open Wider to the Outside World,” Excerpt from a talk with President Mengistu Haile Mariam of Ethiopia, June 22, 1988, DXPWX, Vol. 3.


consumer manufacturing. While the CCP pursued landmark domestic reforms like agricultural de-collectivization and dual-track pricing, the more important aspect with regards to foreign policy was “opening.”

**Historical Analysis of Opening**

The Opening strategy ushered in a new era of trade and investment in China. Since 1978, China’s combination of capitalist investment-export policies, rapid urbanization, an enormous labor pool, foreign investment and technology transfer, and integration into international value chains has produced phenomenal growth. China is now an upper-middle-income country that is on track to become the world’s largest economy by 2030. China has become the world’s top manufacturer, exporter, trader, recipient of foreign investment, and contributor to global growth.

So what is Opening? Deng’s stressed that it was economic modernization without political liberalization. Wary of China’s experience of rampant inflation under the capitalistic Nationalist Government (1925-1949), and the unproductivity of rigid Soviet-style industrialism in the 1950s, Deng stressed that China would avoid the “mechanical application of foreign experience” 照抄照搬别国经验. China would pursue “extensive international contacts” but “absorb what is useful and reject what is harmful.”

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63 Attempts at such strategic “opening” also have a long history in China’s attempts to gain political independence from Western powers and become a “rich country with a strong army” 富国强军. The Qing Empire pursued, from approximately 1861–1895, a modernization program known as the Self-Strengthening Movement 自强运动 that sought military modernization following defeat in the Opium Wars. Mao said that China should “use the foreign to serve China” 洋为中用. However, China’s general lack of openness to foreign influence is widely blamed for the technological backwardness that cause China’s “century of humiliation” at the hands of imperialist powers: Nathan and Scobell, *China’s Search for Security*, p. 245.


65 Deng Xiaoping: “We Shall Draw on Historical Experience and Guard Against Wrong Tendencies,” Excerpt from a talk with Alfonso Guerra, Deputy General Secretary of the Spanish Workers’ Socialist Party and Vice-Premier of Spain, April 30, 1987, DXPWX, Vol. 3; “We Must Continue to Emancipate Our Minds and Accelerate the Reform,” Excerpt from a talk with Milo Jake, General Secretary of the Central Committee of the Communist Party of Czechoslovakia, May 25, 1988, DXPWX, Vol. 3.

How would China judge what was useful and what was harmful? Deng said the CCP would base such decisions on a simple metric: what would help and what would hinder “Socialism with Chinese Characteristics” 有中国特色的社会主义— his formulation for a market-oriented economy under CCP rule. Thus Opening would abide by the “Four Cardinal Principles” 四个基本原则: keep to the socialist road; uphold the dictatorship of the proletariat; uphold the leadership of the Communist Party; uphold Marxism-Leninism and Mao Zedong Thought.67

Politically, the CCP would continue its “indispensable struggle” against the “bourgeois liberalization” 资产阶级自由化 of Western “democracy” and “freedom,” no matter if foreigners “say we are damaging our reputation.”68 Deng associated liberty with the destructive “mass democracy” 大民主 that he experienced during the Cultural Revolution, during which Maoists twice purged him from the CCP leadership.69 So while the CCP did increasingly rationalize its governance through the 1980s, Deng emphasized, “in reforming our political structure we must not imitate the West, and no liberalization should be allowed.”70 Opening to foreign funds, goods, and technology would only “promote socialism”—that is, CCP rule.71

69 Deng Xiaoping, “Bourgeois Liberalization Means Taking the Capitalist Road,” May and June 1985, Excerpts from (I) a talk with Prof. Chen Ku-ying, formerly of Taiwan University, on May 20, 1985; and (II) a talk with the committee chairmen of a Symposium on the Question of the Mainland and Taiwan on June 6, 1985, DXPWX, Vol. 3.
So while Deng admired American models of economic growth and technological innovation, he did not want China to become “capitalist”; the CCP still needed to be “so powerful that it can intervene to correct any deviations.” Deng’s strategy to strengthen CCP rule and restore China to a position of international strength was to “study and draw lessons from foreign experiences” to “learn managerial skills and advanced technology that will help us develop our socialist economy.” So China welcomed foreign trade, foreign investment, joint ventures, and even wholly owned foreign enterprises, especially from advanced Western economies that could provide the science, technology, and innovation needed to develop China.

But Opening was not a clean break with Maoist economic policy. Deng still believed China should maintain a degree of economic “self-reliance” in key sectors and advanced technologies. Self-reliance was “the most important thing [the CCP] learned” under Mao. After the Sino-Soviet Split, China had to rely on domestic efforts to build the atomic bombs, missiles, and satellites that confirmed its “present international standing as a great, influential country.” Post-1978, self-reliance would remain the “foundation” on which the CCP would acquire “technical know-how” from abroad to gain “economic strength” and eventually “take its place in the field of high technology” to advance China’s “long-term interest” in catching up with the developed economies.
The co-existence of policies for Opening and self-reliance reflects the continued tension between China’s economic need for engagement with the global economy and the CCP’s political need to direct economic activity to its own ends. The policy of restricting most foreign investment and trading activities to Special Economic Zones (SEZs), begun in 1980 and still alive in various incarnations today, exemplified this gradualist approach. SEZs offered concessions to foreign investors in exchange for technology transfer and training Chinese workers. Deng said that SEZs were not only a “medium for introducing technology, management and knowledge” but also a “window for our foreign policy” to “enhance our nation’s influence in the world.”

The tension between Opening and political control came to a head after the Tiananmen Massacre in 1989. The US and 57 other governments, including Japan and the EU, condemned the CCP and imposed economic and military sanctions. Chinese growth dipped during 1989-1991, CCP

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78 Nathan and Scobell, China’s Search for Security, p. 243.

79 Following impressive growth in the original SEZs, China opened 14 more coastal cities to foreign investment in 1984 and designated the island province of Hainan as an SEZ in 1988. Since the 1990s, more coastal cities, river cities, and provincial capitals were opened to foreign trade and investment as SEZs, free trade zones, industrial development zones, or similar designations. This policy of zonal opening continues: Loren Brandt and Thomas Rawski (eds.), China’s Great Economic Transformation, New York: Cambridge University Press, 2008; Nathan and Scobell, China’s Search for Security, pp. 247-257. The city of Kashgar became an SEZ in 2010 and Shanghai opened a Free Trade Zone in 2013: Isaac Stone Fish, “China’s Hottest Cities and Kashgar,” Newsweek, September 25, 2010, http://www.newsweek.com/chinas-hottest-cities-and-kashgar-72333.

80 Westad, Restless Empire, Ch. 10.

81 Deng Xiaoping, “Make a Success of Special Economic Zones and Open More Cities to the Outside World,” Excerpt from a talk with a few leading members of the Central Committee of the Communist Party of China after Deng Xiaoping had returned to Beijing from an inspection tour of Guangdong and Fujian provinces, Shanghai and other areas, February 24, 1984, DXPWX, Vol. 3.
conservatives purged many of Deng’s political allies, and the Reform and Opening agenda seemed imperiled.\textsuperscript{82}

The costs of international isolation proved too high to contemplate for long, though, and Deng’s “Southern Tour” in 1992 heralded the return of reform. This move paved the way for the CCP to continue opening up and attracted US support for China’s entry into the World Trade Organization (“WTO”) in 2001. WTO membership cemented the Opening strategy by integrating China into global markets and stimulating the CCP to expand its trade and investment opening from the West to the wider world.\textsuperscript{83}

But the Tiananmen sanctions instilled in the CCP the importance of self-reliance in key economic sectors. Deng told CCP leaders that the “imperialist Western world” 帝国主义西方世界 was trying to make China a “vassal state” 附庸国 \textsuperscript{84} by pressing for its “peaceful evolution” 和平演变 toward democracy.\textsuperscript{85} Deng was adamant that “were it not for the achievements of reform and opening, we could not have overcome [The Tiananmen Massacre]” 如果没有改革开放的成果，‘六四’这个关我们闯不过.\textsuperscript{86} In a global capitalist world, economic strength was crucial for the CCP’s ability to exercise “genuine political independence” and withstand Western pressure.\textsuperscript{87} Even when internal capabilities were low, CCP leaders

\textsuperscript{82} Westad, Restless Empire, Ch. 10

\textsuperscript{83} Ibid.

\textsuperscript{84} Shambaugh, China Goes Global, pp. 45-120.

\textsuperscript{85} Deng Xiaoping, “Urgent Tasks of China’s Third Generation of Collective Leadership,” Excerpt from a talk with leading members of the Central Committee of the CPC, June 16, 1989, DXPWX, Vol. 3; No One Can Shake Socialist China,” Excerpt from a talk with Prime Minister Chatichai Choonhavan of Thailand, October 26, 1989.

\textsuperscript{86} “We are Confident that We Can Handle China’s Affairs Well,” Excerpt from a talk with the Chinese-American physicist and Nobel Prize winner Professor Tsung-Dao Lee of Columbia University, September 16, 1989, DXPWX, Vol. 3, pp. 324-327; Westad, Restless Empire, Ch. 10.

\textsuperscript{87} Deng Xiaoping, “Excerpts from Talks Given in Wuchang, Shenzhen, Zhuhai and Shanghai,” January 18 – February 21, 1992, DXPWX, Vol. 3.
have aimed to transform China into a high-tech economy that can independently produce critical technologies.\textsuperscript{88}

This phase of Reform and Opening shows the need to take CCP policy seriously. The Clinton administration promoted the belief that economic development would cause China to democratize and conform to American international leadership. Clinton tried to persuade China’s leaders that the fall of communism meant that this path was in their interests. The CCP’s articulation of its Reform and Opening policies should have showed Clinton that this is not how China’s leaders interpreted the lessons of history.

\textbf{Opening Today}

Deng’s CCP formulated development targets for Reform and Opening. First, China would quadruple economic production and achieve per capita GNP of US$800 by 2000. Second, China would build on that foundation to “approach” the economic level of developed countries by 2050.\textsuperscript{89} Deng told CCP leaders that if China could achieve these goals, then it would “demonstrate the superiority of socialism over capitalism” and “point the way” for the three-quarters of the world’s population that live in developing countries.\textsuperscript{90}

Opening helped China reach Deng’s US$800 GNP per capita target ahead of schedule. Xi’s signature domestic priority, to achieve the “Chinese dream” 中国梦 of the “great rejuvenation of the Chinese nation” 中华民族伟大复兴, is officially defined in his Report to the 19th Party Congress as China


\textsuperscript{89} Lieberthal, \textit{Governing China}, p. 332.

\textsuperscript{90} Deng Xiaoping, “Our Management and Basic Policies,” An interview with Chinese and foreign delegates to a symposium on China’s economic cooperation with foreign countries, October 6, 1984, DXPWX, Vol. 3.
becoming an advanced and powerful country by 2050. While Xi startled observers with his revision of many of Deng's domestic political reforms, notably the norms of tenure limits and collective leadership, his Report said “opening to the outside world” remained a “basic national policy.”

Indeed, Opening has been affirmed and continued in every Chinese leader's Report to the Party Congress since 1982. The “basic national situation” 基本国情, the CCP's assessment of China's stage of domestic development, is also unchanged since 1982: China “remains in the primary stage of socialism.” CCP discourse holds that this stage demands continued Reform and Opening. Deng Xiaoping Theory defines the “fundamental tasks, strategic objectives, strategic measures, arrangements, and key points of socialism in the new period in China.”

The second volume of Xi's *The Governance of China* 习近平谈治国理政—-an official collection of authoritative speeches, published in 2017—opened with Xi's address to a CCP symposium in commemoration of Deng Xiaoping's 110th birthday. Xi praised the “historical changes” that Deng introduced to CCP governance. He quoted approvingly from Deng's writings on China's need to avoid closing itself to the world but also to maintain its “independence” 独立自主 and “self-reliance” 自力更生 to avoid becoming a “vassal state” 附庸国 of the advanced economies and liberal democracies.

Xi insisted China “absolutely must not waver” from Reform and Opening because it is the “propelling force” behind economic growth, the CCP's political progress, and China's “important international status.” He summarized China's historical experience thus: “We will strive to reform those things about us that are inadequate or no good. We will learn with an open mind about good and useful things from abroad. But we must not

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indiscriminately imitate foreign countries, let alone accept bad things from them; we must not be unduly humble or forget our own origins.”

Xi shares Deng’s conviction that Opening should produce economic modernization but not political liberalization: “only socialism can save China, and only Chinese socialism can lead our country to development.” But continued Reform and Opening means China must continue opening to trade, investment, and international economic institutions. Xi’s criticism of Trump’s “America First” policies—his Report said “no country can afford to retreat into self-isolation”—suggests that the CCP is very concerned about the potential closing of global markets.

Xi outlined his blueprint for a new phase of economic reform at the Third Plenum of the 18th CCP Central Committee in early 2013. Xi wants to shift China from export-oriented growth to a “new normal” focused on domestic consumption and the services sector. The CCP will “allow the market to play the decisive role in allocating resources” but will maintain a “leading role for public ownership” in strategic industrial sectors. Xi sees these plans, not as a new orientation for China’s international economic strategy, but as a “new structure” of Reform and Opening that merely “improves its quality and level.”


97 Xi Jinping, “Study, Disseminate and Implement the Guiding Principles of the 18th CPC National Congress,” Speech at the first group study session of the Political Bureau of the 18th CPC Central Committee which Xi presided over, November 17, 2012, TZGLZ, Vol. 1.


China will continue to pursue a degree of self-reliance. Like Deng, Xi thinks, “experience proves that it is self-reliance that has enabled the Chinese nation to stand among the world’s independent nations.” Else China will be a “technological vassal” of developed countries. Thus, Xi’s “Made in China 2025” policy seeks to develop “independent innovation ability” in high-tech industries like AI, cyber, e-commerce, semiconductors, and microchips. Opening to foreign competition is unlikely in these areas. Chinese state-owned enterprises will seek to make strategic acquisitions of high-end technology. Xi’s “National Innovation-Driven Development Strategy” aims to transform China into a “world power in science and technology” by 2050.

China will continue to open new sectors to foreign investment and market competition, but only those that do not hamper CCP control over the most critical “forces of production” in the modern economy. This control has evolved from outright ownership of production in the early reform era to control through laws, regulation, and supervision by CCP committees within private firms. The state will continue to have an outsized role in the economy and the financial sector. Indeed, the CCP believes that a key reason why China weathered the Global Financial Crisis of 2008–2009 was its ability to reallocate credit between economic sectors.

Consideration of the historical context of Opening during the Deng era helps policymakers gain a better understanding of China’s present. Opening is, and always has been, a strategic economic engagement with the outside world that promotes development and bolsters CCP legitimacy without undermining CCP control or sacrificing China’s domestic capabilities in

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100 Xi Jinping, “Profundely Understand New Development Concepts,” January 18, 2016, Parts of speech at the seminar of provincial and ministerial level leading cadres studying the implementation of the spirit of the Fifth Plenary Session of the 18th CCP Central Committee. XJPTGLZ, Vol. 2.


key technological sectors. But Opening necessitates China’s support of open international economic institutions, and has spurred Chinese advocacy to reinforce this order with initiatives such as the G20, Regional Comprehensive Economic Partnership, and Free Trade Area of the Asia Pacific.

The crucial point for foreign policymakers abroad is that Xi has affirmed Deng’s Opening strategy and Xi’s international economic policy operates within this policy framework. Even while Xi continues selective protection and industrial policy (China is hardly alone in such policies), he recognizes the continued necessity of China’s overarching commitment to trade, foreign investment, and the global economic integration.

**Strategy #2: Peace and Development (和平与发展)**

**Findings**

- The CCP under Xi Jinping continues to follow the underlying logic of the Peace and Development strategy: to create a more stable and therefore a more enabling international environment for China’s economic development.

- The CCP sees mutual economic development as the key to increasing China’s attraction to other countries and, thus, its diplomatic influence worldwide.

- The CCP has gained much from its interaction with regimes that the West has not wanted to deal with and will likely continue to engage with these countries.

- The CCP in the reform era has consistently envisioned itself playing a more critical role in global affairs as its economy expands.

- The CCP has a long-held desire to improve its position within the international political and economic orders to increase its influence within what it perceives to be an unfair configuration of global power.
After the Korean War halted in 1953, a newly self-assured CCP sought to establish itself as an important actor in international diplomacy. China participated in the 1954 Geneva Conference that dismantled French Indochina and the 1955 Bandung Conference that helped create the Non-Aligned Movement, and initiated the Warsaw Ambassadorial Talks with the US (which still recognized the Republic of China on Taiwan as the legitimate government of the Chinese mainland).  

The CCP also sought to create a “peaceful international environment” for economic development by strengthening relations with regional countries like India and Burma. In 1954, China and India signed a treaty that established Five Principles of Peaceful Coexistence ("FPPC"): mutual respect for sovereignty and territorial integrity; mutual nonaggression; mutual noninterference in each other’s internal affairs; equality and mutual benefit; and peaceful coexistence. China proposed the FPPC to reassure Asian states of its peaceful intentions and assert its sovereignty.  

These policies succeeded in increasing China’s trade and diplomatic recognition, but they did not last. Soon came the domestic upheavals of the Anti-Rightist Campaign in 1957 and the Great Leap Forward in 1958, then the emergence and eruption of the Sino-Soviet Split through the late-1950s and early-1960s. The Warsaw talks broke down in 1957 when the US refused to afford greater recognition to the PRC.

After the Sino-Soviet Split, Mao adopted a “dual adversary” strategy that envisioned China as the leader of an “intermediate zone” of anti-imperialist developing countries fighting against the “superpower hegemony” of the US and USSR. During the peak years of the Cultural Revolution (1966-1969), foreign policy became “making revolution.” China advocated a new revolutionary world order, funded violent insurgencies abroad, alienated most of its neighbors, and became extremely isolated diplomatically.

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104 Garver, China’s Quest, Ch. 4.
105 Nathan and Scobell, China’s Search for Security, pp. 27-31.
106 Garver, China’s Quest, Ch. 5.
107 Ibid, Chs. 7-10.
Tensions with the USSR continued to increase, to the point where a border war almost broke out in 1969. Mao began to consider the USSR to be China’s primary threat and hence drew closer to the US. After US-China rapprochement in 1972, China adopted a “one battle line” strategy that sought to counter Soviet power worldwide and improve diplomatic ties with the US, Japan, and the West. Mao’s 1974 “Three Worlds Theory” also advocated improved relations with Third World and industrialized nations willing to counter the perceived Soviet threat. Throughout, Mao retained his ideological belief in inevitable war between socialist and capitalist countries. 108

After Mao died, Deng’s Reform and Opening strategy, a model of industrial export-led development, required China to open to foreign markets, to accept foreign investment, to seek development loans, and to join the institutions of global governance. Deng’s CCP realized that this development model demanded a “peaceful environment” 与有利的外交 with favorable diplomatic relations of the sort China pursued in the early 1950s. 109

At the Twelfth Party Congress in 1982, the CCP announced that China would pursue an “independent foreign policy of peace” 独立自主的和平外交 (“IFPP”). This “independent” foreign policy to “oppose hegemonism and preserve world peace” was a “major change” in Chinese foreign policy born from a new “assessment of the international situation” 对国际形势的判断. The CCP then officially retired the “Three Worlds Theory” and “One Battle Line” strategies.110

In 1985, Deng proclaimed “peace” 和平 and “development” 发展 as the two “issues of global strategic significance” 带全球性的战略问题 in international relations. This formulation linked the IFPP with Reform and Opening and created a new strategic policy line for international relations: “Peace and Development” 和平与发展的. This strategy formalized the CCP’s evolving thinking on foreign policy in the Reform Era and marked a final rejection of Maoist notions of inevitable war.111

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109 Garver, China’s Quest, Ch. 13.
110 Shambaugh, China Goes Global, pp. 217-220.
111 This strategy was formalized in the CCP policy record in General-Secretary Zhao Ziyang’s Report to the 13th Party Congress in 1987, when he reaffirmed “peace” and “development” as the “main themes of the contemporary world” and therefore the fundamental justifications for China’s foreign policy under the CCP; China Media Project, “Six Decades of CCP Congress Reports.”
Deng based this Peace and Development strategy on the notion that China could “use a peaceful international environment” to achieve stability and to acquire more foreign investment and know-how to accelerate Reform and Opening at home. The image of China as a force for peace was thought essential to ensure the continued cooperation of the US and other developed economies in economic exchanges and technology transfer.

CCP leaders also realized that—given their differences on issues like democracy and Taiwan—there was likely a limit to the level of economic support and technology transfer that China could expect from the US. So China would pursue peaceful relations with as many potential trade and investment partners as possible. This assumption produced a foreign policy that China summarized as “opposing hegemonism and preserving world peace.”

Thus a significant part of the Peace and Development strategy was that China would not align with any superpower, would avoid power blocs, and would “not enter alliances.” An IFPP entailed reviving Sino-Soviet relations, frozen since the Sino-Soviet Split in the early 1960s, while continuing to deepen China’s cooperation with the West. Deng thought this would “enhance China’s international status and enable [China] to have more influence in international affairs.” Despite the close strategic ties that China
built with the US in the 1980s, Deng was wary of China developing a security dependency like that it had on the USSR in the 1950s. He worried that China might become an American security vassal incapable of genuinely independent strategic decision-making to advance its national interests.120

An important corollary of the IFPP was China’s decision to bolster economic ties with all countries regardless of social system or ideological orientation.121 This policy brought a gradual opening of China’s ties with many nations that Maoist China had denounced as “imperialist” or “racist.” These countries included South Korea, the sworn enemy of China’s only treaty ally, North Korea; Israel, an adversary of China’s many Arab partners; and apartheid South Africa, a pariah state on its continent.122 Deng had already secured great quantities of investment and technology by offering to “shelve disputes” with Japan over the Diaoyu/Senkaku Islands and accepting some compromise with the US over Taiwan.123 China would later normalize Soviet relations in 1989.124

So China has maintained a policy of peaceful negotiations for most disputes in the Reform Era: Israel-Palestine; India-Pakistan; Yugoslavia; Sudan; Iraq; and North Korean and Iranian nuclear crises. China has abstained or refrained from voting on most UN resolutions for sanctions or armed interventions, which it sees as eroding its cooperation with these countries.125

Deng linked this independence at the heart of Peace and Development to the self-reliance that reinforced Reform and Opening. Both independence and self-reliance were necessary for China to preserve “equality and mutual benefit” and avoid having to “accept anything that is damaging to

120 Deng Xiaoping, “Our Principled Position on the Development of Sino-U.S. Relations,” Excerpt from a talk with Theodore Fulton Stevens, a Republican and assistant leader of the U.S. Senate, and Anna Chennault, Vice-Chairman of the Presidential Export Committee, January 4, 1981, DXPWX, Vol. 2; Lampton, Following the Leader, pp. 122-123; Shambaugh, China Goes Global, pp. 45-120.
121 Lampton, Following the Leader, p. 111; Deng Xiaoping, “Replies to the American Television Correspondent Mike Wallace,” An interview with Mike Wallace, a correspondent for the program “60 Minutes” on CBS TV in the United States, September 2, 1986, DXPWX, Vol. 3.
122 Lu Ning, Foreign-Policy Decisionmaking in China, pp. 88, 111-117.
123 Garver, China’s Quest, Chs. 13, 16.
124 Lu Ning, Foreign-Policy Decisionmaking in China, pp. 111-117; Nathan and Scobell, China’s Search for Security, p. 65.
125 Nathan and Scobell, China’s Search for Security, pp. 27-30.
China’s own interests” in the course of opening to the world.\textsuperscript{126} Deng said that China had to “depend on ourselves to develop and lift ourselves out of poverty” but should “seek friends everywhere” to enable this.\textsuperscript{127} Trade and investment thus became a “matter of strategic importance” for China.\textsuperscript{128}

Peace and Development also meant China needed to build independent military power.\textsuperscript{129} Deng made the PLA “serve economic construction” by slashing its budgets and reducing its political influence.\textsuperscript{130} But Deng promised that once the “general situation” 大局 of China’s development and “national strength” 国力 had improved, then China would begin research and development to produce more military equipment at home.\textsuperscript{131} Thus reunification with Taiwan depended on economic development.\textsuperscript{132} “If the economy develops, we can accomplish anything,” Deng told the PLA.\textsuperscript{133}

CCP leaders recognized that successful economic development would increase their diplomatic influence in international affairs.\textsuperscript{134} Deng predicted that, with Reform and Opening, China would enjoy “genuine stability and unity,” be “truly powerful,” and “exert a much greater

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\textsuperscript{127} Deng Xiaoping, “A New International Order Should be Established with the Five Principles of Peaceful Coexistence as Norms,” Excerpt from a talk with Prime Minister Rajiv Gandhi of India, December 21, 1988, DXPWX, Vol. 3.

\textsuperscript{128} “Use the Intellectual Resources of Other Countries and Open Wider to the Outside World,” Excerpt from a talk with leading members of the Central Committee of the Communist Party of China, July 8, 1983, DXPWX, Vol. 3; “Our Management and Basic Policies,” An interview with Chinese and foreign delegates to a symposium on China’s economic cooperation with foreign countries, October 6, 1984, DXPWX, Vol. 3.

\textsuperscript{129} Lieberthal, Governing China, pp. 129-130

\textsuperscript{130} Deng Xiaoping, “Speech at an Enlarged Meeting of the Military Commission of the Central Committee of the Communist Party of China,” June 4, 1985, DXPWX, Vol. 3.

\textsuperscript{131} Deng Xiaoping, “The Army Should Subordinate Itself to the General Interest, Which is to Develop the Country,” Excerpt from a speech at a forum held by the Military Commission of the Communist Party of China, November 1, 1984, DXPWX, Vol. 3.

\textsuperscript{132} Deng Xiaoping, “We Must Continue to Emancipate Our Minds and Accelerate the Reform,” Excerpt from a talk with Milo Jake, General Secretary of the Central Committee of the Communist Party of Czechoslovakia, May 25, 1988, DXPWX, Vol. 3.

\textsuperscript{133} Deng Xiaoping, “Speech at an Enlarged Meeting of the Military Commission of the Central Committee of the Communist Party of China,” June 4, 1985, DXPWX, Vol. 3.

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influence in the world” by 2000.\textsuperscript{135} It was only past “imperialist invasions” and “reactionary governments” that meant China had “not made its due contribution to the world” 没有对世界作出应有的贡献.\textsuperscript{136} By 2050, when he expected China to approach the level of developed countries, Deng saw “great changes” in China’s foreign policy as China could then “make greater contributions to humankind.”\textsuperscript{137}

The international fallout from the Tiananmen Massacre elicited Deng’s well-known advice for the CCP to ignore international criticism and focus on development. That is, to “observe the situation coolly” 冷静观察, “hold our ground” 稳住阵脚, and “act calmly” 沉着应付. Deng later added his admonitions for China to “hide its capabilities and bide its time” 韬光养晦, “keep a low profile” 善于顺拙, “never claim leadership” 决不当头, but still “make some contributions” 有所作为. If the CCP stuck to Reform and Opening, and Peace and Development, “China still had great hope” 中国大有希望.\textsuperscript{138}

While many observers focused on Deng’s admonition to “hide and bide,” and his promises never to “seek hegemony” 称霸 or “serve as leader” 当头, the CCP did not intend to watch the world pass idly by after Tiananmen. Deng said, “we cannot simply do nothing in international affairs, we have to make a contribution” 在国际问题上无所作为不可能，还是要有所作为. This contribution would be to promote a “new international political and economic order” 国际政治经济新秩序 based on the FPPC.\textsuperscript{139}


\textsuperscript{136} Deng Xiaoping, “Circumstances Oblige us to Deepen the Reform and Open Wider to the Outside World,” Excerpt from a talk with President Mengistu Haile Mariam of Ethiopia, June 22, 1988, DXPWX, Vol. 3.


Both Chinese and foreign analysts used “hide and bide” as shorthand for China’s general approach to the world in the pre-Xi era. The conventional wisdom was that China would maintain a low profile in international affairs and concentrate on domestic development. While this view had a factual basis, it also omitted the gradual yet significant expansion of China’s global footprint under Jiang Zemin and Hu Jintao as China joined the WTO, became the largest contributor to UN Peacekeeping, and promoted a global role for the G20. Hu insisted China should “actively contribute” to global affairs.140

Since the start of Reform and Opening, Deng had outlined to internal and external audiences the need to adjust the international order.141 While China benefitted enormously from its gradual enmeshment in global governance, the CCP saw these institutions as dominated by Western powers that impose their political preferences on weaker countries. This perception only grew after US-China relations soured following Tiananmen and the end of the Cold War.142

Deng believed a “new international economic order” should prioritize the economic self-determination of developing countries like China.143 This thinking was influenced by (but became separate from) the Non-Aligned Movement’s failed campaign in the 1970s to use the UN to fashion a New International Economic Order that would empower developing countries to regulate foreign firms, nationalize foreign property, form commodity cartels, and receive tariff preferences and technology transfers from developed countries. The CCP diluted this thinking into an attitude that favored reform rather than replacement of existing institutions such that a “new”

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140 Deng Xiaoping, “Seize the Opportunity to Develop the Economy,” Excerpt from a talk with leading members of the CPC Central Committee, December 24, 1990, DXPWX, Vol. 3.
141 Garver, China’s Quest, Ch. 25; Hu Jintao, “Coordinating the Overall Domestic and International Situations and Improving the Level of Diplomatic Work Capability,” July 17, 2009, Part of the speech at the eleventh meeting of diplomatic emissaries stationed abroad, HJTWX, Vol. 3.
143 Shambaugh, China Goes Global, pp. 45-120; Nathan and Scobell, China’s Search for Security, pp. 27-30; Heath, China’s New Governing Party Paradigm, p. 118.
order could be built that better reflected the rising role of China and other developing countries.\textsuperscript{144}

The CCP also believed that Peace and Development could facilitate the export of some aspects of China’s development model to other countries. While Deng stressed that Reform and Opening was a strategy adapted to “Chinese realities” 中国实际, and “could not be copied mechanically by other countries” 不是把它搬给别国, the policy could still “provide some lessons” 提供某些经验 to other developing nations.\textsuperscript{145} Deng said “China shares a common destiny with all Third World countries” 中国和所有第三世界国家的命运是共同的.\textsuperscript{146} South-South cooperation could decrease economic dependence on the West and create momentum to reform multilateral institutions.\textsuperscript{147} In the 1990s, China began to gradually diversify its political and economic diplomacy away from the US.\textsuperscript{148}

The CCP has embedded the many specific foreign policies formulated after Deng’s time within the strategic framework of Peace and Development. These policies include “Strategic Partnerships” (1996); “New Security Concept” (1998); “China’s Peaceful Development Road” (2005); “China’s Peaceful Rise” (2005); and “Harmonious World” (2011). These concepts all advocate for the negotiated resolution of disputes according to the FPPC.

\textsuperscript{144} Deng Xiaoping, “Promote the Friendship Between China and India and Increase South-South Cooperation,” Excerpt from a talk with a delegation from the Indian Council for Social Sciences Research, October 22, 1982, DXPWX, Vol. 3.


\textsuperscript{146} Deng Xiaoping: “Two Kinds of Comments About China’s Reform,” Excerpt from a talk with President Julius Kambarghe Nyerere of the United Republic of Tanzania, August 21, 1985, DXPWX, Vol. 3; “Reform is the Only Way for China to Develop its Productive Forces,” Excerpt from a talk with Robert Mugabe, Prime Minister of Zimbabwe and President of the Zimbabwe African National Union (Patriotic Front), August 28, 1985, DXPWX, Vol. 3.


\textsuperscript{148} Deng Xiaoping: “Promote the Friendship Between China and India and Increase South-South Cooperation,” Excerpt from a talk with a delegation from the Indian Council for Social Sciences Research, October 22, 1982, DXPWX, Vol. 3; “We Must Follow Our Own Road in Economic Development as we Did in Revolution,” Excerpt from a talk with President Maumoon Abdul Gayoom of the Republic of Maldives, October 26, 1984, DXPWX, Vol. 3.
proclaim China’s aversion to hegemony under the IFPP, advocate for collective security and collective development through multilateral initiatives, and emphasize that China will not compromise its core security interests.149

Hu Jintao presided over the publication of China’s White Paper on Peaceful Development, published in 2005 and updated in 2011, which enshrined and elaborated Peace and Development for the new century. This document affirmed Deng’s core strategy to create a favorable international environment to advance China’s economic development but extended it to encompass the protection of China’s “core interests” of sovereignty, security, and development.150

**Peace and Development Today**

In 1990, after the fall of the Berlin Wall and with the USSR on its last legs, Deng said that many of China’s existing “formulations” still held, and especially with regards to “the two great issues of peace and development.” The bipolar world of American and Soviet domination was being replaced by a “multipolar” world in which China would now also be a “pole.” China’s foreign policy would continue on the same path: oppose hegemonism; oppose power politics; safeguard world peace; and work to promote a new international political and economic order.151

Xi has said, “Despite profound and complex changes in the international and domestic environment, we have not changed our major judgments about this important period of strategic opportunity for China’s development.”152 Peace and Development is “a strategic choice” for the CCP because it is “aligned with the fundamental interest of the country.” Xi warned, “Looking back on history, we can see that those who launched aggression or sought expansion by force all ended in failure”—a reference

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149 Shambaugh, *China Goes Global*, pp. 45-120.
152 Xi Jinping, “Profoundly Recognize the Situation in the Victorious Stage of Comprehensibly Building a Moderately Prosperous Society,” October 29, 2015, Speech at the Second Meeting of the Fifth Plenary Session of the 18th CCP Central Committee. XJPTZGLZ, Vol. 2
to both the failed expansionism of the USSR and US overreach in Iraq and Afghanistan.\textsuperscript{153}

Like virtually any ruler, Xi’s primary aim is to retain political power. In service of this goal, Xi looks to preserve China’s territorial integrity, to protect and expand its diplomatic influence in the region, to create a favorable external environment for domestic development, and to help shape the evolution of international order.\textsuperscript{154}

In his Report to the 19\textsuperscript{th} Party Congress, Xi framed the foreign policy achievements of his first five years as paramount leader—such as the BRI, the AIIB, and China’s hosting of summits for the BRI, APEC, G20, BRICS, and Conference on Interaction and Confidence Building Measures in Asia—as “great new contributions to global peace and development.” Xi told CCP leaders that China’s “fundamental foreign policy goal” is to “preserve world peace and promote common development” and China “will actively pursue peaceful and common development, uphold the multilateral trading system and participate in global economic governance.”\textsuperscript{155}

The title of the foreign policy section of Xi’s Report to the 19\textsuperscript{th} Party Congress neatly captures the intersection between the past and present in Chinese foreign policy: “following a path of peaceful development and working to build a community of common destiny for humankind.” Xi embraces the overall strategy of Peace and Development to achieve his signature foreign policy idea of the “Community of Common Destiny,” which basically echoes Peace and Development in its promotion of economic


\textsuperscript{154} Xi Jinping, “Profoundly Recognize the Situation in the Victorious Stage of Comprehensibly Building a Moderately Prosperous Society,” October 29, 2015, Speech at the Second Meeting of the Fifth Plenary Session of the 18\textsuperscript{th} CCP Central Committee, XJPTZGLZ, Vol. 2.

\textsuperscript{155} Xi Jinping: “Strengthen the Foundation for Pursuing Peaceful Development,” January 28, 2013, Main points of the speech at the third group study session of the Political Bureau of the 18\textsuperscript{th} CPC Central Committee which Xi presided over, January 28, 2013, XJPTZGLZ, Vol. 1; “Build a New Model of Major-country Relationship Between China and the United States,” June 7, 2013, Main points of the speech when meeting the press with US President Barack Obama, XJPTZGLZ, Vol. 1; “Diplomacy with Neighboring Countries Characterized by Friendship, Sincerity, Reciprocity and Inclusiveness,” October 24, 2013, Main points of the speech at a seminar on the work of neighborhood diplomacy, XJPTZGLZ, Vol. 1; “Never Forget Our Original Aspiration, Continue to Move Forward,” July 1, 2016, Speech at a Ceremony Marking the 95th Anniversary of the Founding of the Communist Party of China, XJPTZGLZ, Vol. 2.
cooperation as the solution to geopolitical conflict and international security.\textsuperscript{156}

Opening demanded China \textit{join} international institutions but achieving a better external environment through Peace and Development then required that China \textit{reform} them to create a “new” order that better incorporates China. Xi, like leaders before him, envisions a multipolar order characterized by cooperation between several relatively equal powers with their own spheres of influence; American power would no longer be global.\textsuperscript{157} Xi shares Deng’s desire to “promote democracy in international relations” and China’s active role in “making the international order truly just and equitable” by “reforming the international monetary and financial systems.”\textsuperscript{158}

Xi recognizes that “the pattern of global governance is determined by the international balance of power” and believes that the West still occupies a “dominant position” in most spheres. However, the rise of emerging markets and developing countries is an “unprecedented positive change” for “the multipolarization of the world,” although there is “still a long way to go” until the achievement of equal representation.\textsuperscript{159} The best thing for China to do is to “maintain our focus on economic development” and “assume international responsibilities” to “strengthen our ability to speak and act internationally.”\textsuperscript{160} This plan is the essence of Xi’s formulation of “Shared Growth through Discussion and Collaboration.”

Xi continues to forge a “closer network of common interests” with neighboring countries and developing nations in Africa, Latin America, and the Middle East to advance China’s global interests. China is pursuing deeper economies ties, better political relations, improved security cooperation

\textsuperscript{156} Nathan and Scobell, \textit{China’s Search for Security}, pp. 33-36.


\textsuperscript{158} Manuel, “Foreign Policy is China’s New Guiding Light.”

\textsuperscript{159} Heath, \textit{China’s Governing Party Paradigm}, p. 119.

and expanded research, educational, and cultural exchanges with these regions.\textsuperscript{161} Xi also continues to advocate negotiated solutions to global security issues, given he sees Iraq, Syria, and Libya as typical examples of countries “torn apart” under “the spur of Western values.”\textsuperscript{162} Xi’s “Profit-Justice Concept” emphasizes that sustainable diplomatic relations with weaker countries require China to provide benefits to those countries’ governments and people rather than just extract resources and profits.

Xi’s BRI follows the Peace and Development strategy in that its “overriding objectives” are to address China’s issues of economic development: regional disparities within the domestic economy; excess capacity in key industrial sectors; and the need to upgrade Chinese industry and play a role in setting technical standards.\textsuperscript{163} Beijing certainly hopes the BRI can also strengthen its diplomatic influence and improve China’s strategic advantage in product supply chains, setting technical standards, denominating contractual currencies, and choosing social and environmental safeguards. But BRI is not only within the Peace and Development strategy but also part of the Opening strategy for China to “open itself up to the outside world in a deeper, more comprehensive, and more plural way.”\textsuperscript{164} BRI ultimately has a domestic focus.

Xi has said China is in a new era. New circumstances demand new policies, but the stated goal of the BRI, AIIB, and Chinese diplomacy more broadly is still to achieve Peace and Development. Thus, China’s strategic outlook and goals are relatively unchanged. Xi’s policy statements suggest that the overarching concern of China’s foreign policy remains the creation of a more favorable international environment for China’s continued development. As China’s capabilities have grown, the CCP has expanded its intentions to adapt the global order, but, contrary to some recent comment

\begin{footnotes}
\footnote{161} Xi Jinping: “Profoundly Understand New Development Concepts,” January 18, 2016, Parts of speech at the seminar of provincial and ministerial level leading cadres studying the implementation of the spirit of the Fifth Plenary Session of the 18th CCP Central Committee, XJPTZGLZ, Vol. 2; “Improve China’s Ability to Participate in Global Governance,” September 27, 2016, Key points of Xi Jinping’s speech at the 35th collective study session of the 18th CCP Politburo, XJPTZGLZ, Vol. 2.

\footnote{162} Xi Jinping, “Improve China’s Ability to Participate in Global Governance,” September 27, 2016, Key points of Xi Jinping’s speech at the 35th collective study session of the 18th CCP Politburo, XJPTZGLZ, Vol. 2.


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and reporting, it does not plan to achieve “world domination.”165 Reform and Opening within China remain Xi’s ultimate priority and will do so for some time.

Xi’s Congress Report lauded the “China Solution” 中国方案 as a “new option” for countries that wish to “speed up their development while preserving their independence.” While such confident rhetoric is new, it represents a deepening of Deng’s belief that China’s experience might provide useful lessons for other developing countries, and it remains unclear whether Xi’s CCP will attempt to proselytize a “China model” of development abroad. Shortly after the Congress, Xi said that China “will not export the China model.”166

While China could seek to impose political conditions on its economic interactions with other countries, this would reduce the attractiveness of its diplomacy compared to that of the US and EU. The “market fundamentalism” and “shock therapy” approaches to development often championed by the West have spotty track records, but the authoritarian nature of China’s “gradualist” model means its “soft power” of attraction still compares very unfavorably to the US.167

US policymakers worry about China’s rise as a military power. Indeed, China reserves itself the right to reunite Taiwan by force and has militarized islands in disputed territory in the South China Sea.168 Xi will uphold China’s position in these disputes (which regard areas that China considers sovereign territory), but this report’s analysis suggests that the CCP recognizes the cost of conflict. A conflict would undermine the economic growth, international order, and basic trust that underpin China’s rise.

China’s territorial claims are often disputed, but they are not really expansionist; the PLA is focused heavily on protecting Chinese assets abroad,

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168 Heath, China’s New Governing Party Paradigm, p. 121.
and the area-defense of China’s claimed land, sea, and air borders against
the US military assets and allies that surround it.\(^{169}\) PLA budgets grew sub-
stantially from the late-1990s mainly due to more advanced technology
required for such force projection activities within the “First Islands Chain”
in the Western Pacific.\(^ {170}\) China has also begun bilateral negotiations to
resolve its territorial disputes with Vietnam and the Philippines; while
these talks may produce outcomes slanted towards Beijing, they offer the
prospect of mutually acceptable diplomatic solutions that defuse tensions
and avoid conflict.\(^ {171}\)

As the previous section demonstrated, Deng thought Reform and Open-
ing would eventually enable China to gain more influence in international
affairs. So, in many ways, Xi’s activist foreign policy is very much in keep-
ing with Deng’s ambitions. The two leaders’ actual foreign policies within
the Peace and Development framework are not identical—they ruled
different Chinas with different resources in different circumstances—but
historical analysis suggests that Xi’s foreign policy strategy is more a con-
tinuation than a break with the external aspects of Deng’s reform agenda.

That means that while Xi has new policies, he is not a revisionist in the
sense of wanting to replace or even significantly displace the structures of
the current system. Xi wants China to rise within a somewhat more accom-
modating version of the existing order but not a new order of China’s
creation. Xi’s China is simply nearing Deng’s goal for China to become an
influential country with an independent foreign policy. The CCP must still
resolve many tensions between China’s growth and regional stability, but Xi
knows from the fate of the USSR that overextension abroad combined with
hostility to the US-led order will impede China’s economic development
and political security.\(^ {172}\)

Xi’s continuation of the Peace and Development strategy does not mean
literally that China will never use force or never advance its interests at the

\(^{169}\) Nathan and Scobell, *China’s Search for Security*, p. 21.


\(^{171}\) AFP, “Beijing and Hanoi Promise to Keep the Peace in South China Sea, Where Vietnam has
news/asia/southeast-asia/article/2139849/beijing-and-hanoi-promise-keep-peace-south-china-
sea-where.

\(^{172}\) Westad, *Restless Empire*, Ch. 13.
expense of others; just as US commitment to a “rules-based international order” has involved unauthorized invasions of sovereign states, extra-judicial drone killings, routinized torture, and refusal to join or abide by many widely accepted institutions and instruments of this order. But Xi’s affirmation of the underlying tenets of the global system does matter. China now interacts with the international order like most other major states; it complies with this order to a significant extent because it mostly serves China’s interests, and then tries to influence this order where it does not. 173 It knows and expects others to balance its rise.

Whether China is a “revisionist” power depends, of course, on how one defines that term. It is unreasonable to count any action (or advocacy) to change any aspect of the current international order as “revisionist” in a significant sense. This definition would have made Japan a revisionist state for its successful push to create the Asian Development Bank and its unsuccessful proposal for an Asian Monetary Fund; India would be a revisionist when it advocated for UNSC reform; the UK for its support of the AIIB. The language of “revisionism” comes from power transition theory, which generally holds that a “revisionist state” is one that seeks to overthrow or significantly modify the existing international order, usually through force. But China does not want to replace or radically change the current structure of international order. It wants to create a “new” order wherein the existing order better reflects China’s new importance.

China’s rise does reduce the relative power and influence of the US, but the US can only do so much to influence China’s behavior without risking its own interests and the credibility of the very international order that it built. Chinese leaders since Deng have expressed an intention to alter the existing distribution of influence within the structures of international order as China comes to play a larger role in world affairs. China’s rise has occurred predominately through internationally legitimate means like trade, investment, diplomacy, military spending, and international cooperation within multilateral institutions. China’s rise has happened because it

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has delivered great benefits to the rest of the world through acceptable activities. The order is changing in a way that this same order allows to happen. Now Xi, who rules a China with a global role far greater than that under Deng, seeks to continue this rise both through existing institutions and the creation of new institutions modeled on current norms.

China may be “revisionist” in the sense that it hopes to expand its power within the existing international order, but it knows it cannot achieve global hegemony on the scale that America once enjoyed and so Beijing does not seek to replace the US-created system with a different Chinese-led structure. Xi’s China has sought to gain, hold, and exert power in a manner that basically aligns with the existing order’s focus on economic openness, diplomatic engagement, and multilateral institutions. This is not the militant, revolutionary “revisionism” identified by the Trump administration in its NSS and NDS. China’s rise would always, in and of itself, create a world different to that in which China barely participated.
4. Recommendations

Based on this report’s analysis of historical primary sources, contemporary policy documents, secondary literature on China’s international strategy, and expert interviews, US foreign policymakers would benefit from following the four recommendations below.

While each proposal is designed to stand on its merit, they also operate together as a package. Because the various strands of any country’s foreign policy intertwine, the implementation of any one of the recommendations would be enhanced by the enactment of one or more of the other recommendations.

These recommendations by no means provide exhaustive guidance as to how any country should formulate a “China policy,” but they do offer specific advice on frameworks and policies that strengthen global order, advance international cooperation, and increase the probability China plays a constructive role in the world.

These recommendations are also made in full recognition that foreign policy is a contingent and event-driven enterprise: the future of China’s rise depends not only on other countries’ foreign policies but also on events within China and broader developments in the Asia Pacific region.

Recommendation 1: Maintain a Policy of Engagement with China

The strategic frame of a US administration's China policy tends to have a considerable impact on its policy behavior.174 Previously, official White House views on China have been relatively consistent; the US would “welcome the rise of a stable, peaceful, and prosperous China” and “reject the inevitability” of bilateral “confrontation” if China acted within the international system.175 But the latest NSS declared that this strategy of

175 Quoted in: Swaine, “A Counterproductive Cold War With China.”

This report’s historical analysis of CCP policy under Xi suggests there might be reason to doubt such conclusions. Xi has not changed the strategic frame of Chinese foreign policymaking. The CCP continues to implement Reform and Opening at home and Peace and Development abroad. This line calls for domestic development, continued opening of non-critical markets, diplomatic solutions to security hotspots, close engagement with global governance institutions, and peaceful relations with major powers. Xi wants to make China more powerful, but he wants to do so within the broad contours of the present international order. Deng’s China needed the West to develop; so does Xi’s.

While the CCP’s international outlook endures under Xi, the future remains contingent. How the US, as the world’s leading power, makes China policy will influence how China’s leaders decide their future foreign policy. If the US abandons its engagement policy, China may lose faith in its ability to derive security and prosperity from the US-led order, and third countries may find themselves split between two rival camps. This outcome would weaken global governance, destabilize the international economy, and significantly increase the risk of conflict.\footnote{177 Swaine, “A Counterproductive Cold War With China.”}

Engagement is not a craven endorsement of Chinese preferences; it is constructive diplomacy that combines cooperation, hedging, and deterrence to solve problems by reaching compromises that advance national interests and international order. The US policy of engagement encompasses military deterrence, diplomatic hedging, and human rights advocacy. China is trying to increase its power, but it is not an enemy of the global system. That system should work with rather than against China because the country is already far too large, too powerful, and too global to contain without prohibitive costs. This reality means that, in time, the US may be able to
relax its need for military predominance in the Western Pacific to reach a
security compromise with China. 178

The US should continue to support freedom of navigation in the East and
South China Seas and the political autonomy of Hong Kong, Macau, and
Taiwan. But from Deng to Xi, the Peace and Development line has seen
China seek to leverage its economic development into greater strategic
control and political influence within these territories (which it considers
sovereign). However, the natural reaction to China’s assertiveness by other
countries has been to balance Chinese power through stronger ties with
neighbors, the US, and international institutions. Given Peace and Devel-
opment serves to advance Reform and Opening, it is presently unlikely
that China will take destructive action that would poison its diplomacy
and cripple its economy. The US should try to ensure that China exercises
its power in a constrained manner, but a strategy of containment toward
China will accelerate the US-China security dilemma, reduce America’s
diplomatic leverage, and weaken constraints on Chinese power.

More specifically, a new engagement policy toward China from the US
government should seek to implement the concrete policy actions below,
which are inspired by past successes in bilateral relations. These measures
may not be politically comfortable, and they incur operational and oppor-
tunity costs, but engagement pays in the long run because it minimizes
possibilities for military conflict and global insecurity.

- **Improve political rhetoric about China.** Words matter in diplomacy.
The US should publically recommit to engagement with China
and revise the language used in future NSS and NDS documents.
The US should recognize that China plans to modernize rather
than liberalize its domestic system, but commit to working with
China as a partner in improving national and global governance. 179
The US should also encourage its allies to maintain good relations
with China (most already do) and welcome Chinese to the US as

179 Garrison, *Making China Policy*, op cit; China Power Project, “How are Global Views on China
csis.org/global-views/.
tourists, students, and migrants and not treat them as a “whole of society threat”).

- **Recommit to high-level political dialogue:** A highlight of the Trump-Xi summit at Mar-A-Lago in 2017 was the establishment of the US-China Comprehensive Dialogues on four major bilateral issues. Dialogue mechanisms are a core part of engagement because they institutionalize communication between governments, create deeper trust, and open more potential for policy cooperation. However, the Trump administration has used some of these dialogues to impose unilateral trade ultimatums on China and has not empowered the State Department to advance new policy agendas. The US should now get these dialogue mechanism back on track with another leaders summit.

- **Seek bilateral cooperation on transnational issues:** The Paris Agreement on climate change and the JCPOA deal on Iran’s nuclear program shows the powerful potential for US-China cooperation to address global problems. But the Trump administration has withdrawn from both accords. Instead, the US should enhance cooperation with China on other threats such as terrorism and pandemics. Working with China on issues of global governance and international law is the most direct way for the US to positively shape how China seeks to advance its interests within the international order.

- **Revive the Six-Party Talks:** The rapid progress of North Korea’s nuclear program is an issue both of top transnational concern today and of particular interest to China as the Kim regime’s only formal ally. The Six-Party Talks, hosted by Beijing, made significant progress on North Korean denuclearization in the mid-2000s.

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182 Christensen, *The China Challenge*, Ch. 5; Swaine, “A Counterproductive Cold War With China.”
The Trump administration is currently pursuing unilateral rapprochement with North Korea. China’s security is acutely affected by events on the Korean Peninsula, so the US should keep China informed and involved in these negotiations. This move would bolster trust with China and increase the likely success of any North Korean denuclearization process.\textsuperscript{183}

- **Increase military-to-military relations:** The US and China compete for strategic capabilities in the Western Pacific and their forces are often in close proximity. The US should increase the level of formal military-to-military dialogue with China and pursue cooperation with the PLA on common security missions such as humanitarian assistance, disaster relief, and anti-piracy patrols. Such engagement would increase mutual trust, knowledge, and communication and reduce the potential for accidental escalation.\textsuperscript{184}

- **Reinforce domestic institutions:** Engagement does not necessitate naïveté about China’s authoritarian model or political interference abroad. While the US can do little directly to protect human rights in China, it can continue to advocate for greater liberties worldwide. What the US can do more effectively is to increase the freedom and transparency of domestic China-facing institutions. Possible measures include: strengthen disclosure requirements for political lobbying by foreign agents; direct public funding to university programs and academic research on China; increase support for independent Chinese-language media; invest in countering Chinese espionage and cyber-meddling; and offer asylum to Chinese in the US who are harassed for their political views or minority status.\textsuperscript{185}


To form a coherent agenda, the White House should link different aspects of engagement with each other. The US can achieve this policy by choosing key themes of cooperation in bilateral relations. The international concerns that Xi identifies in his Report to the 19th Party Congress would be an excellent place to start: e.g., economic inequality, climate change, and terrorism. The US can then incentivize China to develop patterns of constructive engagement by using these issues to justify improved rhetoric, drive increased dialogue, motivate expanded exchanges, and encourage collaboration on sensitive topics such as North Korea and regional security.

**Recommendation 2: Reform Global Governance and Join Chinese-Led Initiatives**

This report has found that Xi’s major foreign policy initiatives—such as the BRI, AIIB, BRICS New Development Bank, and PLA transformation—follow China’s strategy of Peace and Development. The Trump administration calls such policies “revisionist” and influential commentators accuse Xi of plotting “world power.” But the international order is a fluid system that since its inception has evolved incrementally to adapt to the changing realities of global power dynamics.\(^{186}\)

Historical analysis of the Peace and Development strategy suggests that China wishes to alter the international political and economic order to increase its influence within this order and to create a more enabling environment for Reform and Opening. This finding shows that the CCP recognizes the importance of representative and equitable institutions of global governance for regional stability and China’s development.

China also covets international influence because of long-held frustrations at US reluctance to increase China’s voting shares in the World Bank, International Monetary Fund (“IMF”), and Asian Development Bank (“ADB”). Power within these bodies rests disproportionately with the US, EU, and

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Japan. For example, an American always leads World Bank, a European the IMF, and a Japanese the ADB.  

The US should build international coalitions to reform the institutions of global governance to correct for the underrepresentation of not only China but also other emergent countries that wish to increase their contributions to international order. As China’s relative economic importance will continue to grow, such reforms are necessary to increase China’s willingness to pursue its foreign policy objectives within rather than outside the current order.

The US should become an AIIB member-state. While the Obama administration initially tried to undermine the AIIB, it is now the fourth-largest multinational development bank ("MDB"), counts most US allies as members, and implements best-practice lending standards. Joining the AIIB would show China that the US supports China’s rise and welcomes China exercising its growing influence within multilateral constraints. If Congressional resistance proved too formidable a hurdle to formal membership, the US could then increase the support that existing MDBs provide to the AIIB.

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The US should join the BRI. Because the BRI is not (yet) a formal multilateral organization, an American administration could simply declare its support based on shared national goals to bolster domestic infrastructure and international connectivity. The US could then work with other BRI countries to convince China to multilateralize its BRI oversight bodies and address shared concerns about the debt sustainability, procurement transparency, and social safeguards of BRI projects. BRI participation would reassure China that the US supports its development but give the US more influence over how China pursues its international economic diplomacy through BRI.191

The Trump administration has recently revived the Quadrilateral Security Dialogue with Australia, India, and Japan. The “Quad” is contemplating its own regional infrastructure initiative, which observers widely perceive as a competitor to the BRI. While more investment is a good thing, the Quad should work with China and the BRI to ensure that an “infrastructure race” does not produce wasteful projects built for strategic reasons. Failed projects would undermine growth and stability in the region’s developing economies and create negative externalities for the US.192

The White House should coordinate these and similar actions through an interagency working group on “the future of the international order” that should include representation from (at least) the Department of State, Department of Defense, Department of Commerce, Trade Representative, and Federal Reserve Bank. This work should also then feed into bilateral engagement with China at high-level dialogues and inform cooperation on transnational issues, especially infrastructure. Such action would show China that the US recognizes its priorities and reassure CCP leaders that the US supports China’s constructive leadership in international initiatives.


Recommendation 3: Increase Domestic Investment in Global Diplomacy

This report found that China’s foreign strategy of Peace and Development has brought a consistent increase in China’s diplomatic activities and influence across the world, as CCP leaders from Deng onwards have prioritized improved economic relations over most concerns about the nature of other countries’ political regimes. Even in the early days of reform, Deng thought China would become a diplomatic power in the future.

Historical analysis suggests that as China’s economy continues to open up, the CCP under Xi’s leadership will seek to expand further its diplomatic influence abroad. Indeed, in March 2018, Beijing announced that its annual budget for diplomacy would increase by 15.6 percent to almost US$10 billion, a growth rate nearly double that of national defense expenditure. Analysts predict continued double-digit growth. March also saw Xi execute an overhaul of China’s government ministries that institutionalized the power of the former Foreign Affairs Leading Small Group into the new Central Foreign Affairs Commission, boosted the political rank of central foreign affairs leaders, and created an international development cooperation agency.

Given that any country is likely to act more responsibly when its power is balanced, the US should increase its investment in diplomacy worldwide and should encourage its allies to do the same. This effort should prioritize key multilateral institutions like the United Nations and developing regions, with which China identifies itself and seeks economic and diplomatic leadership, such as Southeast Asia, Sub-Saharan Africa, Latin America, and the Pacific Islands—areas that are also major foci of the BRI. More American embassies, diplomats, linguists, and


development projects would ensure that Chinese power does not operate in a vacuum and increase the likelihood China exercises this power responsibly.

Diplomacy is an especially valuable tool to engage with Chinese foreign policy because of China’s strong preference for political rather than military solutions to international problems, a key tenet of the Peace and Development strategy. China will continue to play an increasingly prominent role in dealing with regimes like those in Myanmar, Iran, and Syria, with which the US often refuses to negotiate. Given that regime change has proved a disastrous foreign policy for the US in recent history, increased global diplomacy should also include US engagement with “pariah” states to balance China and incentivize their gradual re-entry into the international community.195

The US should also invest more resources in multilateral diplomacy. While China generally supports the global orders regarding state sovereignty, military force, arms control, free trade, international finance, and climate change, it contests those related to democracy promotion and human rights.196 China’s increasing diplomatic power has enabled it to promote its own vision of collective development rights and to block NGOs, expel activists, and withhold funds from UN human rights bodies.197 Yet China’s use of legitimate intergovernmental agencies to modify the rules of international institutions is as much revisionist as it is a political failure of those who disagree with China to mobilize countervailing coalitions within these organizations. The US should restore UN funding, rejoin UNESCO, and reinvest in multilateral rights diplomacy.

This recommendation proves especially pressing given that the US and many of its middle-power allies, such as Australia and the UK have been reducing their diplomatic capacities even as their economies continue to globalize.198

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196 This characterization draws on the work and views of Alastair Iain Johnston.


Trump administration has presided over an unprecedented gutting of American diplomatic talent and its latest budget proposal urges a 26 percent cut to State Department funding.199

The American public has traditionally favored budget increases for the military rather than the diplomatic corps, so winning funding for this solution may prove difficult. But many US military leaders are ardent champions of a better-equipped State Department because they recognize the importance of diplomacy to the resolution of international disputes. An American administration would have to leverage these voices harder in budget negotiations with Congress.200

**Recommendation 4: Do Not Sanction China (Use the WTO Instead)**

Historical analysis of China’s Opening strategy shows that the CCP has always insisted that any economic change must buttress its political power. So to avoid dependence on the West, China must develop domestic “self-reliance” in vital industrial sectors and critical technologies. Leaders from Deng to Xi have reaffirmed this preference as a lesson the CCP learned from past overdependence on the USSR and the US.

The Trump administration has stepped up American opposition to these aspects of Opening because they entail market access restrictions, technology transfer requirements, and policies like “Made in China 2025.” Following a “Section 301” investigation into intellectual property practices, Trump has announced special investment restrictions on Chinese companies, visa controls on Chinese researchers and scientists, and unilateral tariffs on ~US$50 billion worth of Chinese high-tech imports. But such measures harm the American economy, provoke tit-for-tat responses, and upset global economic

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Taking History as a Mirror: Using History and Ideology to Understand China’s Rise under Xi Jinping

norms. 201 Already, American protectionism has prompted many other countries to strengthen their economic ties with China. 202

The US should instead devote its energy and resources to resolving intractable bilateral trade disputes through the World Trade Organization ("WTO"), a multilateral organization of 164 countries responsible for the regulation of international trade. The US has won 91 percent of the 122 trade disputes that it has brought to the WTO since 1995, including dozens filed against China. In 2010, the Obama administration conducted a Section 301 inquiry into Chinese green energy subsidies and then initiated a WTO dispute (joined by Japan and the EU), which caused China to abandon the subsidies. WTO rules and China’s WTO Accession Protocol cover most issues of concern to Trump, which means Trump could reproduce Obama’s strategy for success. 203

This option would be expensive to the US government in the short-term, but would produce not only a binding and enforceable ruling but also bolster the authority of the international economic order. China depends on the WTO to resolve many of its trade complaints against other countries, so it has much incentive to comply with any judgment made against it. Furthermore, joint trade sanctions by advanced economies against China would struggle to overcome incentives for defection (especially in the EU, where many poorer members have close economic ties with China). 204

Trump’s protectionist policies have also impeded access to Chinese markets for American investors because they have helped keep negotiations stalled on a US-China Bilateral Investment Treaty ("BIT"). The BIT would introduce a “negative-list” approach to China’s foreign investment regime, whereby all sectors are open to investment unless explicitly prohibited. While investors should not expect China to make significant ownership

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204 Ibid.
concessions in “self-reliance” industries, a BIT would significantly expand market access and reduce regulatory hurdles for US companies in China.205

Finally, sometimes the best offense is a good defense. If the US wishes to maintain its position as a world-leading technological power, the government should increase its backing for scientific research, technology development, public education, and skilled migration. State support is critical to innovation; the US itself must be self-reliant. A stronger American economy would also ease the economic, political, and social pressures to clampdown on Chinese development.206

The Trump administration’s new tariffs have already drawn widespread condemnation from not only China but also the global community. Countries close to the US warn that such action sets a dangerous precedent for the resolution of domestic and global problems and threatens the norms of dialogue and incremental progress that have made the international economic order so strong. The White House must recommit the resources of its Department of Commerce, and other relevant bodies, to solving domestic problems at home and solving global issues in global settings. Else China will be forced to adopt the same confrontational measures or even consider how the existing order might be overhauled to prevent the US from acting as a spoiler.

5. Options and Criteria Matrix

This report has identified the underlying strategies of Chinese foreign policy under Xi Jinping and offered four recommendations for how the US can respond to China’s rise in a way that promotes American interests in international order.

This report now proceeds to rank these four recommendations based on five criteria that correspond to the typical concerns of US foreign


policymakers. 207 This exercise helps policymakers to assess the relative pros and cons of each proposal and determine how they may wish to prioritize their implementation. For the sake of simplicity, each proposal is ranked against each criterion on a low-medium-high scale. 208

The chosen criteria are:

- **Peace**: Would the recommendation strengthen American security?
- **Prosperity**: Would the recommendation increase American growth?
- **Values**: Would the recommendation advance American values?
- **Affordability**: How affordable would the recommendation be?
- **Feasibility**: How politically feasible would the recommendation be?

The matrix on the following page summarizes this report's assessment of the recommendations based on the five criteria:

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6. Conclusion

This report serves as a reminder that history matters, and especially for understanding CCP policy.209 While no one can predict precisely the direction in which Xi will lead China, this report analyzed the historical context of Xi’s foreign policy and concluded that his new initiatives should be understood as more of a continuation rather than a break with the strategies of his precursors. In the future, Xi’s CCP could change its international outlook and adopt a more revisionist foreign policy, and a new US policy of containment toward China would make such an outcome even more likely.

But the US should seek to avoid a “New Cold War.” The “Old Cold War” demonstrated the cost of a confrontational international order.210 Balance remains unstable. Security proves tenuous. Danger always lurks. States redirect vast resources from domestic development and transnational threats into competitive alliances, arms races, and proxy wars. In short: containment would likely prove far costlier than merely balancing China’s rise.

The harsh reality is that the US’s relative power in global affairs is in decline. While US administrations hastened the process through costly military campaigns and domestic political neglect, this trend is mostly the result of other countries’ successful embrace of the international order that the US helped create. The best thing that the US could do to preserve its interests would be to accept and manage China’s rise within this order.

Perhaps the most important lesson of this report is the need for policymakers to engage in careful study and tactful analysis of the states with which they deal in international affairs. Familiarity with the political system and international history of other countries enables decision-makers to form better judgments both about trends in other nations’ behavior and about their own foreign policy.

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A. Appendices

A.1 Foreign Policy Section of Xi Jinping’s Report to the 19th Party Congress

Following a Path of Peaceful Development and Working to Build a Community of Common Destiny for Humankind

The Communist Party of China strives for both the wellbeing of the Chinese people and human progress. To make new and greater contributions for mankind is our Party’s abiding mission.

China will continue to hold high the banner of peace, development, cooperation, and mutual benefit and uphold its fundamental foreign policy goal of preserving world peace and promoting common development. China remains firm in its commitment to strengthening friendship and cooperation with other countries on the basis of the Five Principles of Peaceful Coexistence, and to forging a new form of international relations featuring mutual respect, fairness, justice, and win-win cooperation.

The world is undergoing major developments, transformation, and adjustment, but peace and development remain the call of our day. The trends of global multi-polarity, economic globalization, IT application, and cultural diversity are surging forward; changes in the global governance system and the international order are speeding up; countries are becoming increasingly interconnected and interdependent; relative international forces are becoming more balanced; and peace and development remain irreversible trends.

And yet, as a world we face growing uncertainties and destabilizing factors. Global economic growth lacks energy; the gap between rich and poor continues to widen; hotspot issues arise often in some regions; and unconventional security threats like terrorism, cyber-insecurity, major infectious diseases, and climate change continue to spread. As human beings we have many common challenges to face.
Our world is full of both hope and challenges. We should not give up on our dreams because the reality around us is too complicated; we should not stop pursuing our ideals because they seem out of our reach. No country can address alone the many challenges facing mankind; no country can afford to retreat into self-isolation.

We call on the people of all countries to work together to build a community of common destiny for humankind, to build an open, inclusive, clean, and beautiful world that enjoys lasting peace, universal security, and common prosperity. We should respect each other, discuss issues as equals, resolutely reject the Cold War mentality and power politics, and take a new approach to developing state-to-state relations with communication, not confrontation, and with partnership, not alliance. We should commit to settling disputes through dialogue and resolving differences through discussion, coordinate responses to traditional and non-traditional threats, and oppose terrorism in all its forms.

We should stick together through thick and thin, promote trade and investment liberalization and facilitation, and make economic globalization more open, inclusive, and balanced so that its benefits are shared by all. We should respect the diversity of civilizations. In handling relations among civilizations, let us replace estrangement with exchange, clashes with mutual learning, and superiority with coexistence. We should be good friends to the environment, cooperate to tackle climate change, and protect our planet for the sake of human survival.

China remains firm in pursuing an independent foreign policy of peace. We respect the right of the people of all countries to choose their own development path. We endeavor to uphold international fairness and justice, and oppose acts that impose one’s will on others or interfere in the internal affairs of others as well as the practice of the strong bullying the weak.

China will never pursue development at the expense of others’ interests, but nor will China ever give up its legitimate rights and interests. No one should expect us to swallow anything that undermines our interests. China pursues a national defense policy that is in nature defensive. China's
development does not pose a threat to any other country. No matter what stage of development it reaches, China will never seek hegemony or engage in expansion.

China has actively developed global partnerships and expanded the convergence of interests with other countries. China will promote coordination and cooperation with other major countries and work to build a framework for major country relations featuring overall stability and balanced development. China will deepen relations with its neighbors in accordance with the principle of amity, sincerity, mutual benefit, and inclusiveness and the policy of forging friendship and partnership with its neighbors. China will, guided by the principle of upholding justice while pursuing shared interests and the principle of sincerity, real results, affinity, and good faith, work to strengthen solidarity and cooperation with other developing countries. We will strengthen exchanges and cooperation with the political parties and organizations of other countries, and encourage people’s congresses, CPPCC committees, the military, local governments, and people’s organizations to engage in exchanges with other countries.

China adheres to the fundamental national policy of opening up and pursues development with its doors open wide. China will actively promote international cooperation through the Belt and Road Initiative. In doing so, we hope to achieve policy, infrastructure, trade, financial, and people-to-people connectivity and thus build a new platform for international cooperation to create new drivers of shared development.

China will increase assistance to other developing countries, especially the least developed countries, and do its part to reduce the North-South development gap. China will support multilateral trade regimes and work to facilitate the establishment of free trade areas and build an open world economy.

China follows the principle of achieving shared growth through discussion and collaboration in engaging in global governance. China stands for democracy in international relations and the equality of all countries, big or small, strong or weak, rich or poor. China supports the United Nations in playing an active role in international affairs, and supports the efforts of
other developing countries to increase their representation and strengthen their voice in international affairs. China will continue to play its part as a major and responsible country, take an active part in reforming and developing the global governance system, and keep contributing Chinese wisdom and strength to global governance.

Comrades,

The future of the world rests in the hands of the people of all countries; the future of mankind hinges on the choices they make. We, the Chinese, are ready to work with the people of all other countries to build a community of common destiny for humankind and create a bright tomorrow for all of us.

A.2 List of Interviewees

This report benefitted from discussions with the following experts:

Mr. Paul Haenle, Director, Carnegie Tsinghua Center for Global Policy, Beijing, China (January 2018)

Prof. Alastair Iain Johnston, Professor of China in World Affairs, Government Department, Harvard University, Cambridge, MA, United States (January – March 2018) [in the context of the class GOV-1982]

Dr. James Oswald, Independent Scholar of Chinese Politics, Beijing, China (January 2018)

Prof. Ren Xiao, Professor of International Politics, Institute of International Studies, Fudan University, Shanghai, China (January 2018)

Prof. Shi Yinhong, Professor of U.S.-Asia Relations, International Relations at School of International Studies, Director of the Centre for American Studies, Renmin University, China; Counsellor of the State Council, PRC (January 2018)
Prof. Arne Westad, Professor of Kennedy School of Government, Harvard University, Cambridge, MA, United States (September 2017 – March 2018)

Dr. Yang Xuedong, Deputy Director, Department of World Development Strategy Research, Central Compilation & Translation Bureau, Beijing, China (January 2018)

A.3 Interview Questions

Interviews were semi-structured. Chinese interviewees were asked the following questions and then engaged in follow-up lines of questioning (in Chinese). Conversations with others ranged across various aspects of this report.

1. What are the most important “formulations” in Chinese foreign policy?
2. What do these formulations mean?
3. What function do these formulations fulfill in the Chinese political system and how do they influence the policymaking of Chinese leaders?
4. What is the historical background of China’s most important foreign policy formulations?
5. What have diplomatic events contributed to the establishment of these formulations?
6. How do these formulations reflect the thought of former Chinese leaders such as Mao and Deng?
7. How can the history of the People’s Republic provide a deeper understanding of Xi Jinping’s foreign policy?
8. How can foreign leaders and policymakers better engage with China's foreign policy formulations to improve their diplomacy with China?

9. Are there historical analogies for such cooperation?

Disclaimer: views expressed by interviewees were personal opinions and did not necessarily represent the views of their organizations. All conclusions presented in this report are those of the author alone.
Bibliography


