

CHINA'S REALIST DILEMMA:
THE PURSUIT OF INTERNATIONAL PRESTIGE

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DISCLAIMER

The conclusions and opinions expressed in this document are those of the author. They do not reflect the official position of the U.S. Government, Department of Defense, the U.S. Air Force, or Air University.



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ABSTRACT

Prestige drove China in 2017 to distance itself from North Korea and the “Treaty of Friendship” signed by both countries. This paper describes China’s actions since 2003 through a contrast of Kenneth Waltz’s and Robert Gilpin’s theories on realism. China’s economic growth provides opportunities to make minor changes in the international structure. China created the Asian Infrastructure Investment Bank to increase its prestige and to control an international organization funding projects in other nations. However, China has not increased its total military personnel numbers, nor its military spending relative to its Gross Domestic Product. Finally, China seeks modernization of their military while exporting military technology. Prestige, not power, best explains China’s actions since 2003.



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Chapter 1

China's North Korea Problem

In 2017, North Korea conducted its seventh nuclear test since 2006. China strategically allies with North Korea in part to keep a buffer-zone on the Korean Peninsula between U.S. military troops in South Korea and mainland China.¹ After the 2017 nuclear test, China publicly shifted its stance away from North Korea formalized in the Treaty of Friendship. China stated it would no longer assist North Korea in the event of military conflict, should North Korea provoke war with another nation by shooting first.² What caused China to shift its stance away from North Korea, and what does this mean for the International community, specifically the U.S., going forward?

The answer to this question lies in China's actions since the early 2000s. This paper will evaluate Chinese foreign policy through the following examples. Why did China establish the Asian Infrastructure Investment Bank (AIIB), when the World Bank and Asian Development Bank (ADB) conduct similar investments within the Asian region? Why did China increase its commitment to the United Nation Peacekeeping corps since 2000 and recently commit combat troops to peacekeeping missions, in addition to specialty troops provided since 2000? Has China changed its military investments and total troop personnel since 2000? Will China resign the Treaty of Friendship between China and North Korea in 2021, when it is up for reconsideration?

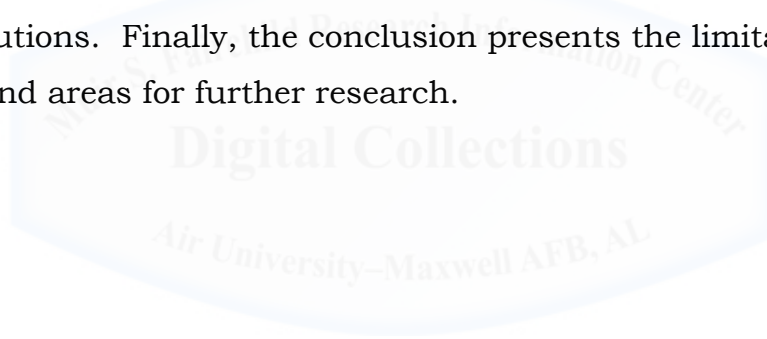
Realist international relations theorists Robert Gilpin and Kenneth Waltz disagree on the most important factor shaping nation's

¹ Greg Price, "Why China Remains North Korea's Biggest Ally," *Newsweek*, April 13 2017. www.newsweek.com/china-north-korea-trump-allies-economy-583883.

² Simon Denyer and Amanda Erickson, "Beijing warns Pyongyang: You're on your own if you go after the United States," *Washington Post*, Aug 11 2017, https://www.washingtonpost.com/world/china-warns-north-korea-youre-on-your-own-if-you-go-after-the-us/2017/08/11/a01a4396-7e68-11e7-9026-4a0a64977c92_story.html?utm_term=.4d66f4c4d5db (accessed April 20, 2018).

motivations. Waltz's theory lists power as the most important reason states act relative to one another. Countries act to maximize security and ensure national survival. Gilpin believes prestige is the most important factor underlying state's activities. While some overlap between power and prestige exists, both cannot be true 100% of the time. Using current case studies may help strategists develop a deeper contextual understanding of states actions and apply this learning to future strategies.

This paper compares Gilpin's and Waltz's theories and applies them to selected Chinese actions. Next, this paper theorizes that Chinese actions are based on prestige, not security. Empirical data follows and expands on economic centers of influence, military strength, technology diffusion, sanctions enforcement, treaties, and peacekeeping contributions. Finally, the conclusion presents the limitations of this study and areas for further research.



Chapter 2

Waltz versus Gilpin: Realism Nuances and Differences

First Difference: Structure of the International Order

Both Waltz and Gilpin are realist scholars, but differences exist in their views on balance-of-power, international structure, and conflict. The first difference is the structure of the international order. Waltz believes the international order is either bipolar or multipolar, writing “Almost everyone agrees that at some time since the war (World War II, WWII) the world was bipolar.”¹ Gilpin assumes hegemonic power always exists, stating, “When environmental conditions seem to make it profitable and domestic incentives are sufficiently strong, ambitious states seek to create empires and unite the international system by force.”²

For Waltz, bipolar and multipolar worlds only change through military force, with other forms of competition secondary. Waltz’s theory uses military force as the explanation for lack of cooperation between European states prior to the Soviet Union and the U.S. becoming superpowers after WWII. Following the Westphalia treaty, European nations feared military action from neighboring states. Any gains by one state meant another state must lose some relative power to maintain a zero-sum balance of power. States feared the increases of their neighbors and according to Waltz, viewed threats through the potential of military force and conflict. The U.S. and Soviet Union’s rise to power allowed the European states to cooperate. Per Waltz, “The emergence of the Russian and American superpowers created a situation that permitted wider ranging and more effective cooperation among the states of Western Europe...Not all impediments to cooperation were removed,

¹ Kenneth N. Waltz, *Theory of International Politics* (Long Grove, Ill.: Waveland Press, 2010), 129.

² Robert Gilpin, *War and Change in World Politics* (Cambridge: Cambridge University Press, 1981), 145.

but one important one was the fear that the greater advantage of one would be translated into military force to be used against the others.”³

Second Difference: Importance of Balance-of-Power

Waltz viewed the dominant structure of great powers as either bipolar or multipolar structures, where Gilpin considered the dominant global power as a hegemon. This distinction affects the second difference between Waltz and Gilpin regarding balance of power. According to Waltz, “If states wished to maximize power, they would join the stronger side, and we would see not balances forming but a world hegemony forged. This does not happen because balancing, not bandwagoning, is the behavior inducted by the system.”⁴ “The expectation is not that a balance, once achieved, will be maintained, but that a balance, once disrupted, will be restored in one way or another.”⁵ In this view, multiple states should have balanced against the U.S. since the end of the Cold War.⁶ Waltz built much of his theory upon historical trends of states grouping together to maintain balance within the international order. There is an absence of power balancing as the U.S. continues to lead the International Order with no apparent threat of second-tier powers grouping together to challenge U.S. supremacy.⁷

Gilpin viewed the dominant structure of the international system as hegemonic and the most important restraining force are natural barriers and what Gilpin terms the loss-of-strength gradient.⁸ “Modes of transportation, topography, climate, precipitation, fertility of the soil, disease, etc., affect the costs and benefits of expansion and conquest.”⁹

³ Waltz, *Theory of International Politics*, 70.

⁴ Waltz, *Theory of International Politics*, 126.

⁵ Waltz, *Theory of International Politics*, 128.

⁶ Robert A. Pape "Soft Balancing against the United States." *International Security* 30, no. 1 (2005): 8.

⁷ Pape "Soft Balancing against the United States," 8.

⁸ Gilpin, *War and Change*, 146.

⁹ Gilpin, *War and Change*, 146.

If Gilpin is correct, then power balancing is only a secondary countervailing force against a hegemon. While historically there are many examples of apparent power balancing against strong nations, it appears Waltz's theory falls short in explaining the current situation with the U.S. and the lack of power-balance.

Third Difference: Conflict as Possible or Probable

A third difference is how Waltz and Gilpin view conflict. Waltz views conflict as a possibility, where Gilpin views conflict as probable.¹⁰ The difference is the degree another state views actions as a threat. Waltz built his theory on countries perceiving moves by other nations leading to the possibility of conflict. This means states had to maximize security at all times to ensure they could respond to any threat. For Waltz, power and security were the most critical factors for states existing in an anarchic system. Only after states achieve absolute security (impossible under this framework), "can states safely seek such other goals as tranquility, profit, and power."¹¹ Since absolute security is improbable to achieve, states will continue competing for power and increased security.

Gilpin, unlike Waltz, does not view security as the only acceptable explanation for other nation's actions. Instead, Gilpin focuses on the probability of war, freeing states to choose responses other than war. If a state views the actions of other nations as threatening, but not to such a degree as to change the international system, then states could employ other methods to bring the country back to desired behavior. States could also do nothing and instead focus on building prestige in the near-term for future use when the probability of military conflict increases. If a state's leaders or regime believes their national security is in jeopardy,

¹⁰ William C. Wohlforth, "Gilpinian Realism and International Relations," *International Relations* 25, no. 4 (undefined): 499-511, <http://dx.doi.org/10.1177/0047117811411742> (accessed April 20, 2018).

¹¹ Waltz, *Theory of International Politics*, 126.

they increase resources towards military expenditures. If states feel secure, they increase resources towards domestic expenditures.¹² The associated costs of military and domestic expenditures also influence states' behavior. Per Gilpin's theory, "a change in the relative cost of the objectives sought by a state or a change in the capacity of the state to achieve these objectives tend to induce a change in state behavior."¹³

Conclusion

Recognizing the differences between these theorists can assist in developing the nuances within realism and gaining a better understanding of international relations. Waltz and Gilpin explain bipolar and multipolar worlds versus hegemons, power versus prestige, and balance of power, but do so through different lenses. Nations will either view war a possibility in all circumstances and maximize power, or see war as a probability, and prioritize guns or butter accordingly. Understanding the motivations of actors can assist in developing better state responses.

¹² Gilpin, *War and Change*, 19-22.

¹³ Gilpin, *War and Change*, 23.

Chapter 3
Theory and Case Selection
Definitions

Hegemon, Hegemonic War

Gilpin uses the term hegemon to describe the strongest nation in the current modern system.¹ Gilpin's theory states a hegemon is the single power who controls the current international structure and dominates the lesser states. Gilpin believes there is a propensity for international systems to evolve in the direction of universal empires.² Hegemonic war ensues when the current system can no longer support the status quo between the current hegemon and rising powers, who are challenging the hegemon. Gilpin states "hegemonic war is the ultimate test of change in the relative standings of the powers in the existing system."³ There are three characteristics of hegemonic war. First, hegemonic war involves the dominant power(s) in the current international system, along with the rising challenger(s).⁴ Second, the issue fought over is the nature and governance of the system.⁵ Third, "hegemonic war is characterized by the unlimited means employed and by the general scope of the warfare."⁶

Prestige

Prestige is the foundation of international relations according to Gilpin. Gilpin defines prestige as the "reputation for power, and military power in particular."⁷ Prestige is how other nations view each other and deal with a country's willingness and ability to exercise its power. Gilpin

¹ Robert Gilpin, *War and Change in World Politics* (Cambridge: Cambridge University Press, 1981), 144.

² Gilpin, *War and Change*, 29.

³ Gilpin, *War and Change*, 198.

⁴ Gilpin, *War and Change*, 199.

⁵ Gilpin, *War and Change*, 199.

⁶ Gilpin, *War and Change*, 200.

⁷ Gilpin, *War and Change*, 31.

views prestige as the “everyday currency” in international relations⁸ and equates prestige in the international realm as the equivalent of authority towards domestic politics.⁹ Amassing prestige enables countries to affect the international system’s norms.

Increased prestige also allows rising countries to incrementally change the world order and system within which they are growing in power.¹⁰

In international relations and within an anarchic system, a country’s prestige level determines the amount of influence a state wields over other countries, both shaping the future of the system and the daily interactions between nations. Therefore, fostering international cooperation increases prestige and the ability to affect change or reinforce the status quo, whichever is more beneficial to the nation.

Dominant states cannot completely control all interactions, and because “economic, political, and technological forces escape the control of dominant groups and states...change takes place.”¹¹ Because international relations occur in a dynamic environment, countries with less influence seek to increase prestige under the current established systems until they amass enough power to change the international system. The pursuit of prestige causes countries to clash through all the instruments of power.

Power

Waltz believes the attainment and use of power account for international relations. Power is how a country measures against other countries relative according to the totality of the following factors: “size of population and territory, resource endowment, economic capability, military strength, political stability, and competence.”¹² Countries do not

⁸ Gilpin, *War and Change*, 31.

⁹ Gilpin, *War and Change*, 30.

¹⁰ Gilpin, *War and Change*, 34.

¹¹ Gilpin, *War and Change*, 28.

¹² Kenneth N. Waltz, *Theory of International Politics* (Long Grove, Ill.: Waveland Press, 2010), 131.

always achieve their desired end states and “powerful agents fail to impress their wills on others in just the ways they intend to.”¹³ Power is more about the distribution of capabilities; as “the extent of one’s power cannot be inferred from the results one may or may not get.”¹⁴

Power enables dominant states to set, and affect, the international order structure, the nature of the system, and influences the balance of power between weaker nations. The structure of the system matters more than the political leadership of the states.¹⁵ It does not matter who leads different nations. Great powers set the structure for international order. This structure then restrains participating nations into certain actions. This implies actions taken are either the result of great power conflict or not.

Within a stable structure, states conforming to accepted practices and standards rise to the top.¹⁶ Structures mold nation’s behaviors through “socialization of limits” and competition. Limit socialization encourages similar attributes and actions of the countries. Since there are only a few great powers at any time within the international order, small states have few opportunities to change the structure. Reliance on normative behavior offers protection to small states since they can expect a predictable response from great powers. Competition spurs the actors to accommodate the most widely accepted and successful practices. Competition produces similarities between nations, and causes contending, or rising, countries to imitate military innovations. Since a state’s fate depends on its ability to survive battle in the military realm, states copy each other’s best military inventions.¹⁷

¹³ Waltz, *Theory of International Politics*, 192.

¹⁴ Waltz, *Theory of International Politics*, 192.

¹⁵ Waltz, *Theory of International Politics*, 65.

¹⁶ Waltz, *Theory of International Politics*, 92.

¹⁷ Waltz, *Theory of International Politics*, 127.

The most powerful states set the system rules through great power interaction. The structure reflects values of nations with the greatest power since great powers act to further their own interests.¹⁸ As less powerful countries ascend within the structure; great powers have the option to allow weak or nonstate entities to set informal norms between them. Great powers step in if new norms threaten their hold on future power.¹⁹ If a great power chooses not to intervene, it is either because they are incapable of affecting the further change, or the proposed change does not negatively impact them.

Areas Evaluated/Not-Evaluated

Distinguishing between power and prestige requires cases which delineate between characteristics of power and prestige, to accurately assess which term best describes China's recent actions. Table 1 lists the case studies this paper will address. The following six cases enable a clear distinction between actions motivated by power or prestige.

Economic Centers of Influence

The economic center of influence refers to an organization, or state, which has enough influence to affect the surrounding region. Control over foreign investments represents potential control and a shift in economic centers. Economic centers of influence founded out of prestige should reflect the organizational structure of the leading institutions of the time. New economic centers should reinforce the legitimacy of the system through its actions and not threaten the importance of the current economic system. Economic centers founded out of power should change the existing economic system. Indicators would be the new economic center changing the international reserve currency/standard or creating new rules different from the established norms.

¹⁸ Waltz, *Theory of International Politics*, 72.

¹⁹ Waltz, *Theory of International Politics*, 94.

Military Strength

Military strength viewed as prestige should show little, or no, indication of building military power through increased troops, increased offensive capabilities, or deployments against neighbors. Nations could hold demonstrations (military parades, flyovers, etc.) to show off their capabilities to other countries. This attention should generate military innovation and sales. Further, innovation centered around territorial defense could occur, but this indicates prestige as the nation seeks to maintain the status quo of the system, rather than go on the offensive to disrupt the current international hierarchy. Conversely, “power provides the means of maintaining one’s autonomy in the face of force that others wield.”²⁰ Countries threatened by power will increase their number of troops for securing borders against existential threats. Countries will develop offensive capabilities to enable seizure of territory and may test out their capabilities against neighbors.

Technology Diffusion

Prestige enables countries to develop new weapons technology and sell it to other nations without fear of it being used against them. Countries should sell technology to build relationships. Further, this technology should not disrupt the current system by providing a significant offensive capability to the buyer. If the technology sold enabled states to go on the offensive and significantly disrupt the current system, or create humanitarian crisis, then power, not prestige best explains the diffusion of technology in this case.

Sanctions enforcement

Countries seek prestige through upholding the control exerted over states by the international system.²¹ Sanctions enforcement represents a nation’s desire to uphold an accepted organization’s legitimacy to enact

²⁰ Waltz, *Theory of International Politics*, 194.

²¹ Gilpin, *War and Change*, 28.

sanctions against a member state acting outside of acceptable system norms. States interested in increasing prestige desire to be viewed enforcing rules and applying the legitimate punishments against member states. This demonstrates a nation's willingness to enforce international laws. States who do not uphold enforcement of the law demonstrate low concern for the rules of the system. These states do not care about the perception of others concerning this specific actions and act out of concern for power.

Treaties

Treaties represent a nations concern for security and influence over other states. Treaties change depending on the international environment, but statements from nations describe why they entered into an alliance, or exited an alliance enhance the ability to determine the motivation for a nation's actions. If nations enter into alliances with dialogue speaking about a shared interest, which does not reflect overt power balancing, one may conclude the alliance is for reasons of prestige. Further, if a nations exits an alliance with a nation perceived as a bad actor by the international community, then it is also due to reasons motivated by prestige. Absent these two conditions, then changing alliances are due to power.

Peacekeeping Troops

Waltz does not speak to peacekeeping troops, nor should they be considered an indicator of power. Many nations contribute either troops or money to peacekeeping forces. Therefore, any actions taken by a nation above international organizations demonstrates a nation's desire to increase prestige. Nations going above requirements should increase either troops committed to peacekeeping operations, or monetary contributions. Further, nations creating bases for training of other nation's peacekeeping troops do this out of a desire to increase influence within the current system.

Table 1: Cases Studied Determining Power or Prestige

Case	Prestige	Power
Emergence of an economic center of influence	<ul style="list-style-type: none"> - Reflects norms of current organizational structures - Does not seek to replace current economic institutions 	<ul style="list-style-type: none"> - Changes international economic norms - Changes the international currency standard
Military strength	<ul style="list-style-type: none"> - Stable, or decreasing number of combat troops - Military technological innovations, but for primary defensive use 	<ul style="list-style-type: none"> - Increases number of troops - Develops offensive capabilities for territorial conquest
Technology diffusion	<ul style="list-style-type: none"> - Sells technology with similar capabilities to other nations 	<ul style="list-style-type: none"> - Limits technology sold to maintain significant advantage
Sanctions enforcement	<ul style="list-style-type: none"> - Enforces sanctions to uphold current rule of law 	<ul style="list-style-type: none"> - Does not enforce majority of sanctions
Treaties	<ul style="list-style-type: none"> - Enters/exits treaties based on actions of other parties 	<ul style="list-style-type: none"> - Alliances based on power balance, regardless of nation's actions
Peacekeeping Forces	<ul style="list-style-type: none"> - Commits more troops/money than required - Establishes training centers within borders for other nations 	Not applicable

Source: Author's original work

Cases not selected

This paper does not look at actions in the East China Sea because of the recent dynamic changes in the area. Time is needed for proper assessment of the situation and to understand China's motivations underlying its actions. Additionally, this paper does not consider China's One Belt, One Road policy, the current moves by China establishing military bases in Africa, or the contracts initiated by China in Africa for development of infrastructure for mining rare earth metals. An area of potential evaluation when/if China opens its government to outside

observers are internal meeting notes. Studying Chinese leader's words provides greater insight to the motivations, rather than relying on demonstrated actions. Meeting notes, combined with actions, would give the best answer to China's true intentions. It is the author's viewpoint the areas compared in this paper offer a great indication of China's motives over the preceding fifteen years. Factors not written about deserve further study and may fill gaps left by this paper.

Expected Chinese Actions

Chinese Prestige Building Expectations

China desires increased prestige within the system since prestige is the everyday currency according to Gilpin's theory.²² China will continue prioritizing prestige until it equals the U.S., potentially leading China to take over the global system through hegemonic war. Currently, China should not force a military conflict with the U.S., due to a low probability of potential benefits outweighing the risks of engaging in a hegemonic war. China currently benefits from the established system and will seek to stay in it until the system no longer provides enough incentive for continued participation. Since China should remain in the system, it will bargain with other nations for small changes favoring China, but not significantly threatening the U.S. or the current structure.

According to Gilpin's theory, minor modifications to the international structure should be visible. Military expenditures could increase without signaling a shift in global or regional leadership, or increased likelihood of war. Changes to economic centers of power through regional financial assistance should be expected. China should strengthen alliances and export their technology to expand its sphere of influence abroad. Exporting builds partnerships and dependency on

²² Robert Gilpin, *War and Change in World Politics* (Cambridge: Cambridge University Press, 1981), 7.

China. Partner nations may look to China for continued assistance in areas where China holds a technological or knowledge edge, translating into increased prestige for China. China should continue reaching out to the international community and become more involved in current events, with China's actions bounded by established normative behaviors. China will pursue prestige by adhering to existing norms and enforcing generally accepted rules and sanctions on other nations.

If prestige, rather than security concerns, motivates China, then it will attempt to increase soft power without completely upsetting the current international structure. Further, it will work to improve regional power towards the goal of becoming a regional hegemon and move the international community towards an eventual change in hegemonic leadership. This paper assumes China is the dominant player in the Asian region economically and militarily. China's continued rise requires economic and diplomatic success to imprint its desires, demonstrate its capability to lead within the current structure, and build its military as a show of force, without using it unless required by existential threats to its national survival.²³

Chinese Power Building Expectations

²³ I am not considering small deployments totaling less than 5,000 personnel against internal or external threats, but at threats from India, North Korea, etc. I use 5,000 as that is an approximate size of a ground force brigade, which per Council of Foreign Relations "provides mobility, counter-mobility and survivability." The brigade is the smallest unit capable of bringing effective combat power and survivability to the unit, where a battalion does not. It also augments the corps. The brigade is part of the division and the deployment of divisions represents the undertaking of major tactical operations. Deploying a division recognizes a significant threat or operation. Deploying a battalion represents an "interest" in what is occurring and does not represent a significant threat to a nation's security.

For China, with approximately 3 million ground troops, the loss of a brigade is not statistically important to their overall capability to wage war. Therefore, I use the deployment of a brigade, or 5,000 troops, to gauge potential existential threats to a nation. Michael Moran, "Modern Military Force Structures," Council on Foreign Relations, October 26, 2006, <https://www.cfr.org/background/modern-military-force-structures>.

If power best explains China's actions, then China should develop an economic center of power which challenges current established organizations and changes the rules in favor of China. China could also seek a change in the U.S. Dollar as the international reserve currency. China should build its military forces through increased numbers of troops and armaments. Further, if national security is the number one goal for China, then China should prioritize military spending through allocating an increased share of GDP for military expenditures. China should copy U.S. military hardware since the U.S. currently is the dominant military powers in the international structure.²⁴

China should innovate and keep new technologies which provide it a military advantage. China should develop technology comparable to the U.S. and seek to undercut the U.S. advantage in those areas by giving it to non-U.S. allied nations. This prevents the U.S. from maintaining a power advantage and potentially reduces U.S. strength relative to the international community. In addition to innovations, China should stop agreeing to, or enforcing, sanctions which harm its allies. China should prioritize balancing against the U.S. and challenge the legality of organizations initiating sanctions China does not like. This also relates to treaties. China should evaluate its treaties and begin forming alliances which weaken U.S. power in the Asian region. China should also divide the U.S. from its strongest allies in Europe in order to further weaken the U.S. internationally and reduce the U.S. capability to wield strong military and economic influence through cooperation blocks with its allies.

²⁴ Kenneth N. Waltz, *Theory of International Politics* (Long Grove, Ill.: Waveland Press, 2010), 76-77.

Chapter 4

Empirics

Economic Center of Power

Gilpin's theory says that "through trade, foreign investment, and the transfer of technology, wealth and economic activities tend to diffuse from the old centers to new centers of economic growth...these new centers frequently overtake and surpass the original center."¹ New economic centers should have the capability to influence the international economic sphere of influence through increased purchasing and lending power, and the ability to create new institutions. These new institutions will be founded on existing international economic norms if prestige motivates nations. If power motivates nations, then the new institutions should seek to change the economic norms and existing economic structures. Using the World Bank as an example, new economic centers based on power should establish a structurally different organization. A new organization would change the current established norms and produce something tangibly different in purpose, structure, and control.

GDP

China's GDP is rapidly increasing relative to other world powers, and is beginning to trend towards greater output faster than the U.S. This increase provides resources which China could then leverage into power or prestige. China should also be increasing their foreign investment. Waltz's theory states that economic power alone is not enough to define a great power, but a great power requires "size of population and territory, resource endowment, economic capability, military strength, political stability and competence."² While China could

¹ Robert Gilpin, *War and Change in World Politics* (Cambridge: Cambridge University Press, 1981), 178.

² Kenneth N. Waltz, *Theory of International Politics* (Long Grove, Ill.: Waveland Press, 2010), 126, 131.

grow in economic strength relative to her neighbors, viewing GDP output individually does not matter to Waltz unless it is converted into military power.

As shown in Figure 1, China's GDP output is trending upwards faster than the U.S. and Japan, two of China's leading competitors. The U.S. competes with China as the current power in the international community, and Japan competes as the most prominent regional power in the Asian region. China surpassed Japan's GDP in 2010 and is trending towards passing the U.S. in the future.³ France, Germany, and the United Kingdom GDP outputs have remained stationary. China's GDP opened a significant gap between those countries where one did not previously exist. The continued growth of China's GDP is an indicator of potential economic power, which China can use for prestige or power. Increased future output will translate into greater leverage over other nations as China increases its percentage of the global GDP output. GDP by itself does not distinguish between prestige or power motives. Increased GDP opens opportunities for nations to influence the creation of new economic centers of power.

³ "National Accounts Main Aggregates Database," United Nations Statistics Division (Latest Data December 2017), <https://unstats.un.org/unsd/snaama/dnlList.asp> (accessed April 8, 2018).

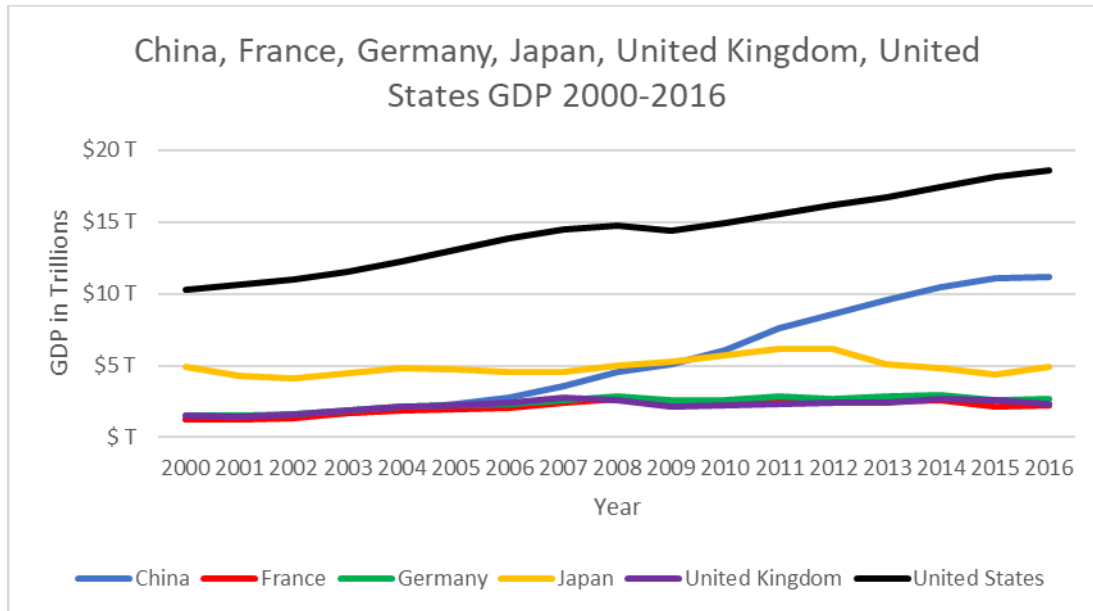


Figure 1: China, France, Germany, Japan, United Kingdom, U.S. GDP 2000-2016

Source: “National Accounts Main Aggregates Database,” United Nations Statistics Division (Latest Data December 2017), <https://unstats.un.org/unsd/snaama/dnList.asp> (accessed April 8, 2018).

China’s GDP growth is rapid relative to the other listed countries. China currently has the second largest GDP output in the world. However, when looking at GDP per capita, China lags far behind France, Germany, Japan, the UK, and the U.S. Shown on Figure 2, China’s GDP per Capita in 2000 (All figures based on the current value of the U.S. Dollar) was \$959. This is approximately 17.5% of the world average in 2000 of \$5483. Compared to the U.S. at \$36,449, China’s GDP per Capita was only 2.5% of the U.S., which is a significant disparity. China’s growth since then enabled a 2016 GDP per capita of \$8123, and is now approximately 79.7% of the world average of \$10,192. China is now at 14.1% of the U.S. GDP per capita of \$57,638. While growing as an economy, resulting in a higher GDP per capita, it still lags the listed countries. China’s economic potential is growing, but it needs to ensure it manages the transition from a developing country into a developed one.

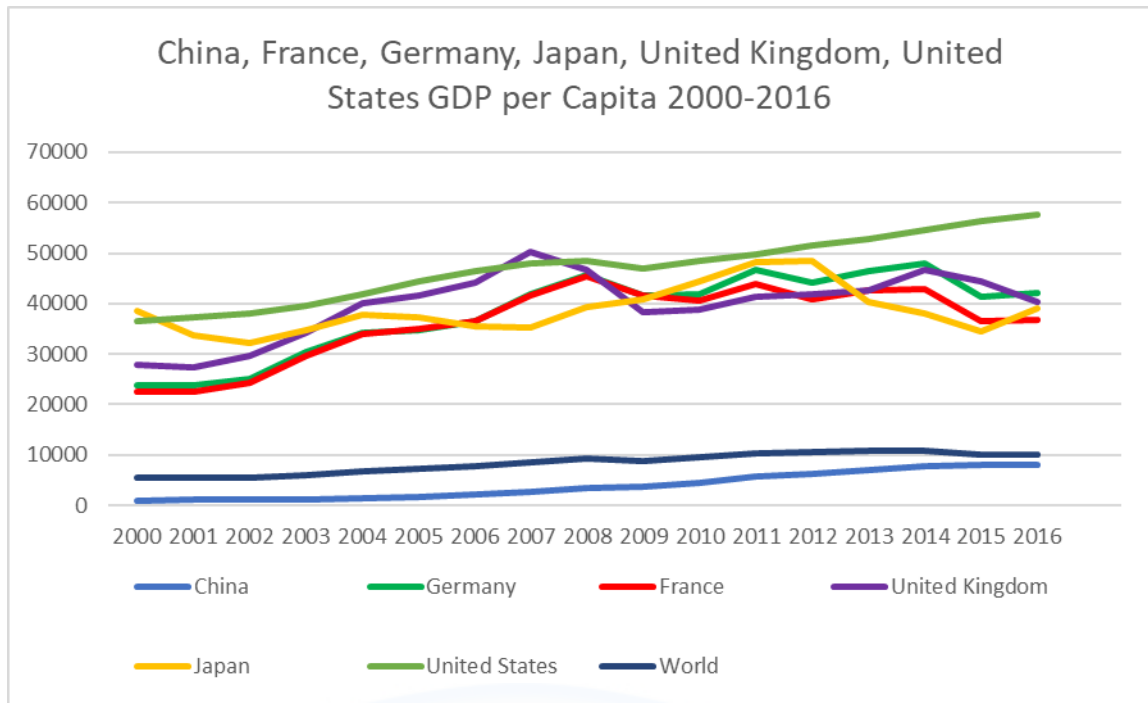


Figure 2: China, France, Germany, Japan, United Kingdom, U.S. GDP per Capita 2000-2016

Source: "GDP per capita (current US\$)," *The World Bank*, accessed May 18, 2018, https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?name_desc=false.

Investment Banks

The World Bank was created in 1944 at the Bretton Woods Monetary Conference in Bretton Woods, New Hampshire. The initial goal of the institution was to help rebuild European countries affected by World War II.⁴ The Bank started funding large infrastructure projects, such as dams, electrical grids, irrigation systems, and roads in countries located in Latin America, Africa, and Asia.⁵ The Bank reflects U.S. priorities as a U.S. national has held the presidency since the Bank's Charter. Further, power to control major structural changes in the organization resides with the U.S. due to voting power. If China is becoming a new economic center of power, then China should be expected to establish an organization under Chinese control. The

⁴ "History," *The World Bank*, <http://www.worldbank.org/en/about/archives/history> (accessed May 16, 2018).

⁵ "History," *The World Bank*.

following sections describe the current structure of main international banks for comparison with China’s new institution and looks at the current actions of the organizations to determine if demonstrated actions have the characteristics of prestige or power.

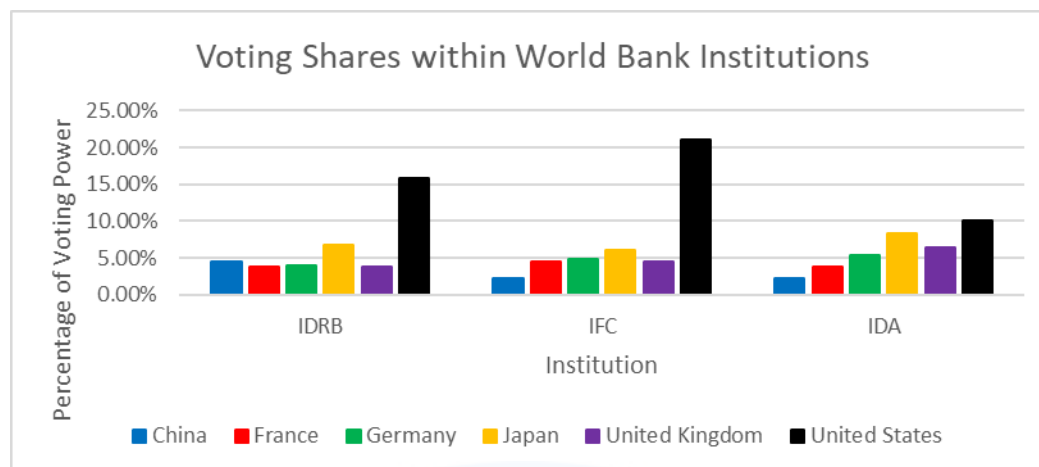


Figure 3: Voting Shares within World Bank Institutions

Source: “Voting Powers,” The World Bank, <http://www.worldbank.org/en/about/leadership/votingpowers> (accessed March 30, 2018).

World Bank Voting Shares. The U.S. dominates voting power within the World Bank, allowing them to influence World Bank policy by wielding enough voting power prevent significant structural changes to it. The U.S. controls 22.19% of the vote in the International Finance Corporation (IFC), 16.26% of the voting power in the International Bank for Reconstruction and Development (IBRD), and 10.04% in the International Development Association (IDA).⁶ By comparison, China's voting power in each is 2.30% in the IFC, 4.53% in the IBRD, and 2.23% in the IDA.

A 2003 article in Global Policy Forum noted the requirement for 85% of the voting shares to change the structure of the bank. The U.S., with its proportion of voting shares, effectively controls the structure of

⁶ “Voting Powers,” The World Bank, <http://www.worldbank.org/en/about/leadership/votingpowers> (accessed March 30, 2018).

the bank going forward.⁷ As long as the structure benefits the U.S., it does not matter if other nations want a change, as the U.S. can veto any structural change action not following its interests. The U.S. veto power makes it difficult for China to increase influence in a structure designed to maintain U.S. control. It is difficult to foresee a situation where the U.S. willingly gives up this control.

Despite efforts since the 2000s by nations considered “developing countries” to reduce the power of developed nations’ voting power within the different institutions, the U.S. remains the dominant player in votes.⁸ In addition to voting power, the U.S. traditionally controls the president of the World Bank Group. All presidents of the World Bank Group have been American. It was not until 2012 when two World Bank Group presidential candidates were even nominated from countries outside the U.S.⁹ These candidates represent the increasing pressure from developing countries to consider candidates outside the U.S.¹⁰ China is not part of the dissenting voices to change the World Bank President’s home of record but does add another reason for China to establish another institution where China’s influence can be used. Voting power and presidential leadership constrain China’s ability to influence change within the World Bank.

Chinese World Bank Investments. A 2010 article published by the Bretton Woods project noted China steadily built relationships with the World Bank, specifically with the IDA, but later with the IBRD and the IFC. These relationships developed through loans and technical

⁷ Jim Lobe, “US Blocks Stronger African Voice at World Bank - NGO,” *Global Policy Forum*, June 26, 2003, <https://www.globalpolicy.org/component/content/article/209/43377.html> (accessed February 3, 2018).

⁸ “Voting Powers,” The World Bank.

⁹ The two candidates were Nigerian Finance Minister Ngozi Okonjo-Iweala and Colombian economist Jose Antonio Ocampo. They were supported by African nations and Brazil, respectively.

¹⁰ Richard Walker, “World Bank Presidents: By the Numbers,” *The Globalist*, March 24, 2012, <https://www.theglobalist.com/by-the-numbers-world-bank-presidents/>.

assistance to China first, then later through China as it became an active contributor to different arms of the bank. China fills a seat on the 25-member board and respectively contributed \$30 and \$50 million in the 15th and 16th IDA replenishment. Further, China also repaid \$1 billion in IDA credits early.¹¹ These payoffs correspond with a rise in China's desire to seek prestige outside their region.

The increased economic power offers opportunities outside established World Bank institutions for increased prestige. China loaned over \$110 billion through the China Development Bank and the Export-Import Bank of China to developing countries between 2008 and 2010. This amount is higher than the World Bank donated during the same time.¹² The \$110 billion in loans were for oil agreements with "Russia, Venezuela, and Brazil, infrastructure projects in Ghana and railway construction in Argentina."¹³ China is using its growing economic power to influence its region and build relationships.

ADB. In addition to the World Bank, the ADB works to foster economic growth and cooperation in the Asian region. It aims to free Asia and the Pacific region from poverty while improving the quality of life for its member nations' people.¹⁴ The ADB helps its members by providing loans, technical assistance, grants and equity investments. It reached \$28.9 billion in aid during 2017,¹⁵ a substantial number, but short of the impact from the World Bank.

¹¹ "China and the World Bank," Bretton Woods Project, September 14, 2011, accessed February 5, 2018, <http://www.brettonwoodsproject.org/2011/09/art-568894/>.

¹² "China and the World Bank," Bretton Woods Project.

¹³ Baldur Hedinsson, "China's Overseas Lending Surpasses World Bank's," *National Public Radio*, January 18, 2011, <https://www.npr.org/sections/money/2011/01/18/133023983/china-s-overseas-lending-surpasses-the-world-bank-s>.

¹⁴ "Asian Infrastructure Investment Bank Homepage," Asian Infrastructure Investment Bank.

¹⁵ "Asian Infrastructure Investment Bank Homepage," Asian Infrastructure Investment Bank.

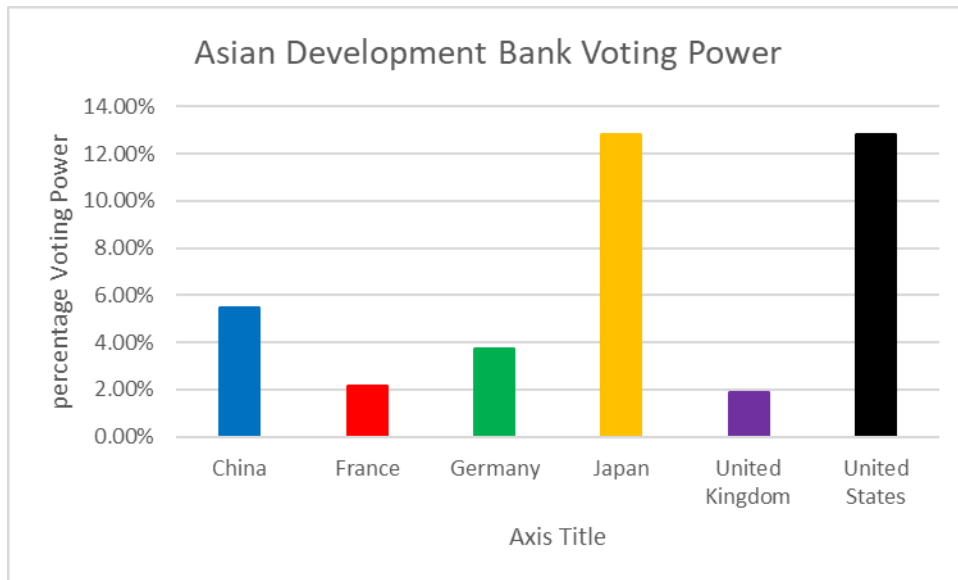


Figure 4: Asian Development Bank Voting Power

Source: “Annual Report 2016,” ADB, accessed February 5, 2018, <https://www.adb.org/sites/default/files/institutional-document/237881/oi-appendix1.pdf>.

ADB Voting. Though the ADB was designed to be Asian in structural and voting character, the U.S. and Japan hold significant shares of voting power. The U.S. and Japan each own 12.784% of the voting power in the banks, with China third at 5.454% and India fourth at 5.363%.¹⁶ China’s ability to influence policy is limited through this organization. It seeks new ways to move funds while maintaining a considerable level of influence in the distribution of those resources. The U.S. share of the voting power in the World Bank, as well as the voting power of Japan and the U.S. in the ADB, limits China's ability to influence these organizations. To increase prestige relative to its growing economy and to operate within the current construct of the international order, China founded a new bank with more considerable Chinese influence.

¹⁶ “Annual Report 2016,” ADB, accessed February 5, 2018, <https://www.adb.org/sites/default/files/institutional-document/237881/oi-appendix1.pdf>.

Chinese control over AIIB. China's desire for increased control led to the AIIB, which gives additional places for China to spend economic reserves while leveraging significant regional power. The AIIB began official operation on 16 January 2016 with 57 participating nations. By January 2018, 84 nations were actively participating.¹⁷ Each country receives voting power based on its respective control over the shares. This voting power can never exceed 100%, so when new countries join, voting power for each existing member is reduced.

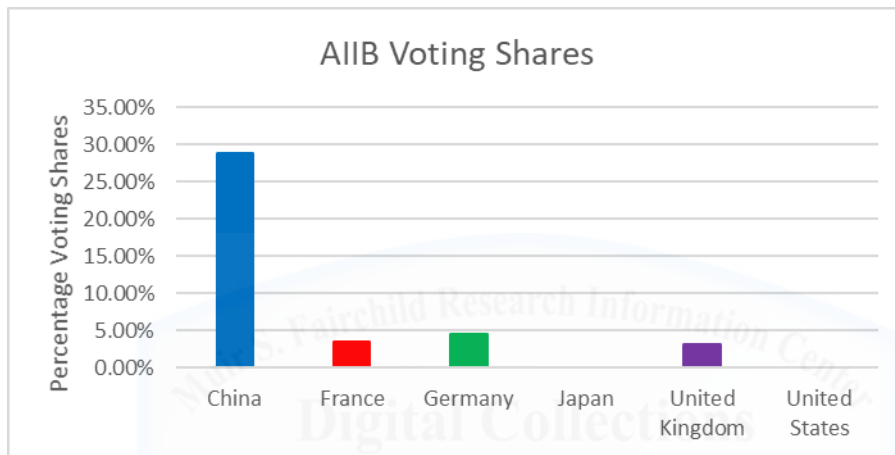


Figure 5: AIIB Voting Shares

Source: “Subscriptions and Voting Power of Member Countries (As of 22 September 2016),” Asian Infrastructure Investment Bank, https://www.aiib.org/en/about-aiib/who-we-are/membership-status/.content/index/_download/20160930035841674.pdf (accessed April 8, 2018).

As of 24 March 2017, China controlled over 27% of the votes.¹⁸ As of 24 January 2018, Asian countries controlled approximately 75% of the voting shares, and non-Asian countries controlled the remaining 25%.¹⁹ China's control alone makes it a dominant player capable of leveraging long-term influence if they build a coalition to vote along Chinese

¹⁷ “Asian Infrastructure Investment Bank Homepage,” Asian Infrastructure Investment Bank.

¹⁸ Zheng Xin, “AIIB welcomes 13 new prospective members,” English.gov.cn, March 24, 2017, accessed February 4, 2018, http://english.gov.cn/news/top_news/2017/03/24/content_281475605252848.htm.

¹⁹ Xinhua, “China does not 'control' or 'dominate' AIIB: bank president,” english.gov.cn, January 24, 2018, accessed February 4, 2018, http://english.gov.cn/news/international_exchanges/2018/01/24/content_281476024078626.htm.

preferences. Much like the U.S. in the World Bank, and Japan and the U.S. in the ADB, China is the dominant player in the AIIB with 25% of the vote. This control ensures China is a power player in an economic institution.

AIIB Fund Distribution. Over \$4.2 billion was committed to projects within the Asian region, with five projects in India totaling over \$1.074 billion.²⁰ Funds distributed to countries not considered formal Chinese allies, such as India, appears to counter fears of China founding this bank to only steer resources toward friendly nations. Even though approximately 25% of the projects went to India, this does not clear China of using the resources of the bank as they see fit.

The People's Republic of China was recognized as a country by the World Bank in 1980²¹ and by the ADB in 1986.²² In the more than three decades since recognition by these organizations, China worked to gain significant influence within the current structures. Founding the AIIB secures China an avenue for greater prestige within the Asian and Pacific regions. The amount of money China contributes to the AIIB makes it a viable alternative to the World Bank and the ADB. Both the World Bank and AIIB continue to provide resources to affected parts of the region, but the AIIB gives China a significant advantage within the Pacific and Asian regions.

²⁰ Xinhua, "China does not 'control' or 'dominate' AIIB: bank president"

²¹ "China and the World Bank," Bretton Woods Project, September 14, 2011, www.brettonwoodsproject.org/2011/09/art-568894/.

²² "Annual Report 2016," ADB.

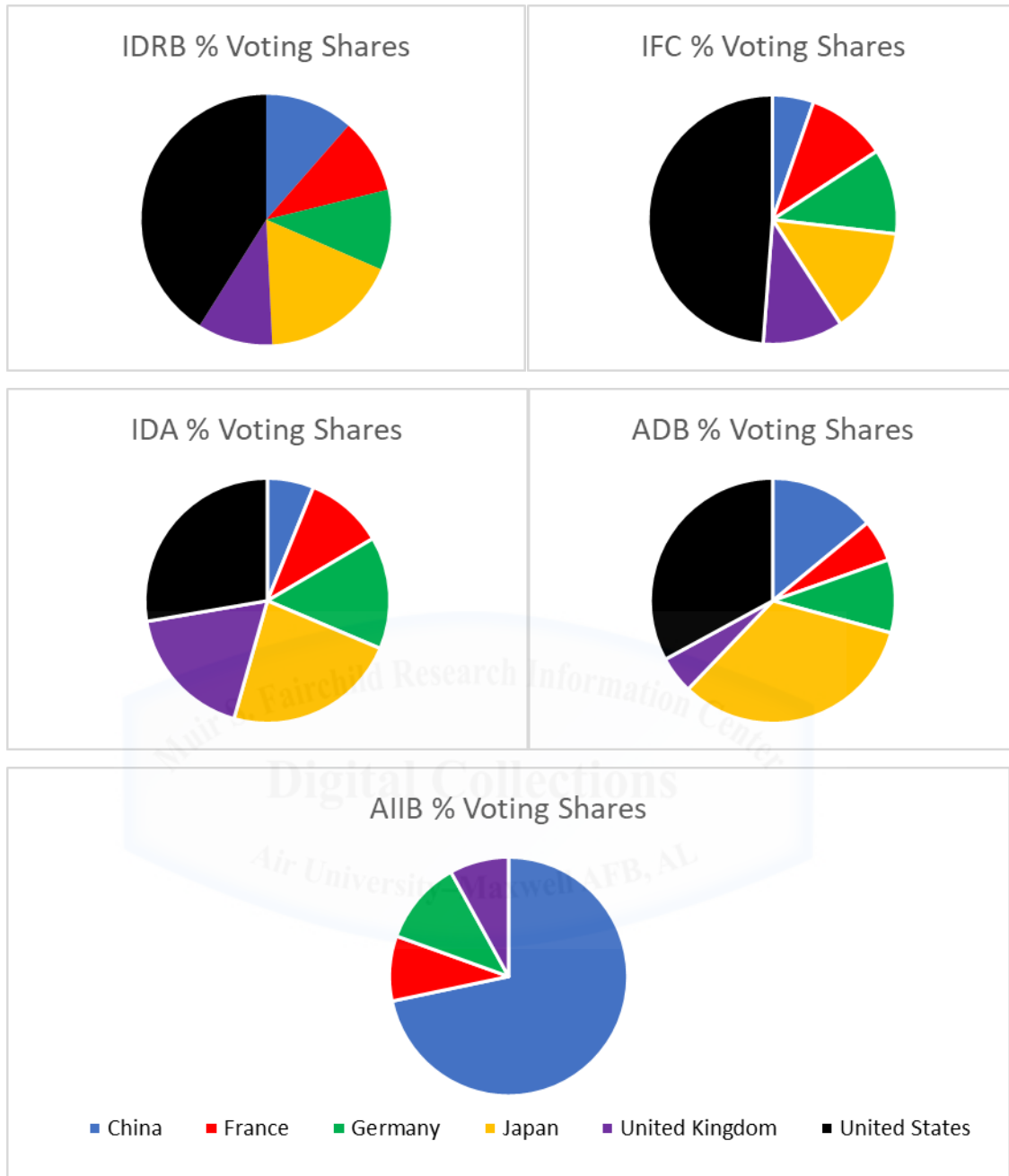


Figure 6: Voting Shares Compared Across Institutions

Sources:

1. "Voting Powers," The World Bank, <http://www.worldbank.org/en/about/leadership/votingpowers> (accessed March 30, 2018).
2. "Annual Report 2016," ADB, accessed February 5, 2018, <https://www.adb.org/sites/default/files/institutional-document/237881/oi-appendix1.pdf>.
3. "Subscriptions and Voting Power of Member Countries (As of 22 September 2016)," Asian Infrastructure Investment Bank, <https://www.aiib.org/en/about-aiib/who-we->

Conclusion. Based on the above factors, prestige explains China's actions. China founding the AIIB represents greater prestige for China. It indicates the rise of a new economic center of power. The AIIB provides China control over an institution similar in nature and organization to the World Bank Group and ADB, when China has no realistic hope of gaining control in those institutions under the current structure. The AIIB is modeled after the World Bank and demonstrated actions show China is not using the AIIB to significantly change current economic norms. China is currently distributing funds equitably across the Asian region and any states can come to the AIIB for assistance. China's share of voting power gives it "control" over the AIIB and increases the international perception of China for maintaining the current status quo of the system.

Military Strength

Gilpin's theory states "indifference analysis assumes individuals *make trade-offs* among these objectives and pursue 'satisficing' strategies rather than maximizing strategies."²³ In short, states balance their materials between guns and butter. Prestige seeking countries should stabilize or decrease the total number of troops to a level sufficient for defense of the nation from existential threats. Further, there should be innovation within this country, but not to generate an overwhelming offensive military capability, but one able to defend the nation. Military demonstrations draw attention to a nation's capabilities and leads to future exports, increasing prestige.

Waltz's theory states that in an anarchic system, "security is the highest end."²⁴ If security is the highest end, then countries should

²³ Gilpin, *War and Change*, 20.

²⁴ Waltz, *Theory of International Politics*, 126.

increase their military strength to guard against all threats, not just regional ones. Further, if a state believes neighboring nations are gaining enough strength to threaten the regional, or international, power balance to a degree that can upset the current power balance, then states will develop offensive capabilities. These capabilities should allow a nation to change the international structure through conquest or active denial of maneuvers by other countries.

Number of troops and expenditures in China’s military

Per Figures 7 and 8, China has decreased both the total number of armed forces, as well as the percentage of soldiers related to the overall labor force. Specifically, China's entire military force has decreased from 3,810,000 million total troops in 2001 to a consistent 2,900,000 million people number since 2007.²⁵

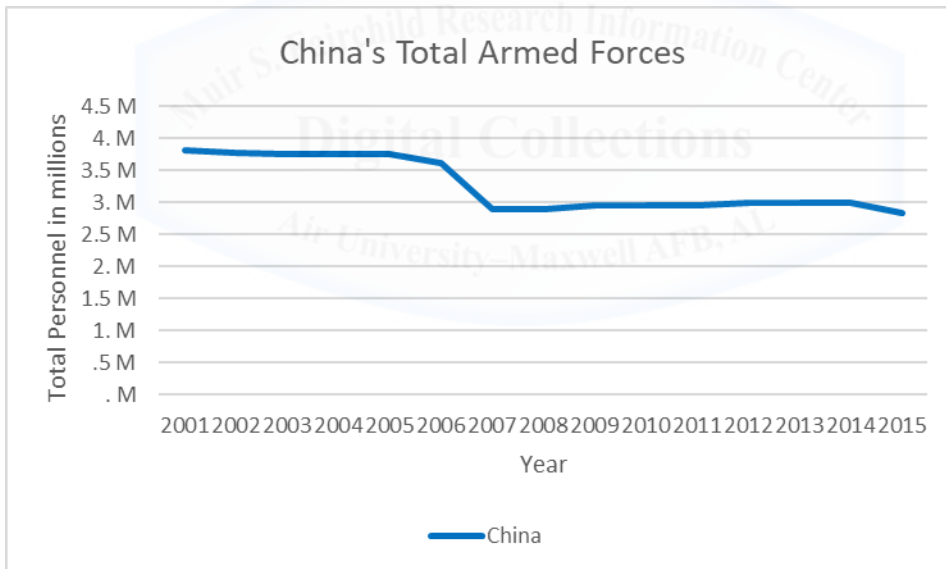


Figure 7: China's Total Armed Forces

Source: “Armed forces personnel, total,” The World Bank, <https://data.worldbank.org/indicator/MS.MIL.TOTL.P1> (accessed April 8, 2018).

²⁵ “Armed forces personnel, total,” The World Bank, <https://data.worldbank.org/indicator/MS.MIL.TOTL.P1> (accessed April 8, 2018).

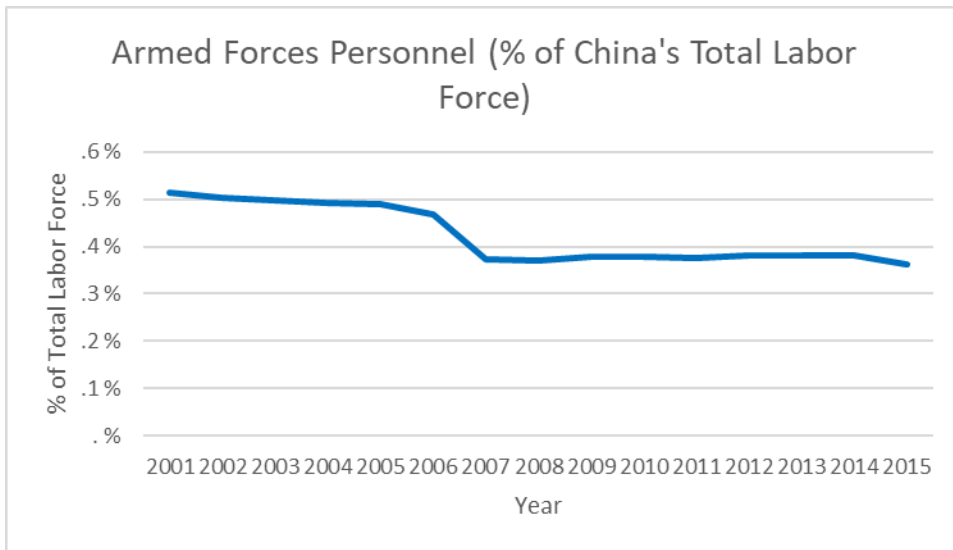


Figure 8: Armed Forces Personnel (% of China's Total Labor Force)

Source: "Arms imports (SIPRI trend indicator values)," The World Bank, <https://data.worldbank.org/indicator/MS.MIL.MPRT.KD> (accessed April 8, 2018).

Correspondingly the number of military personnel as an overall percentage of the total labor force is consistent year-to-year as well. The scope of this paper does not look at the population increases or decreases of China. The fact both graphs are consistent illustrates China is not growing its total military force in absolute numbers, or in relation to the entire population. This reduced number occurs even though China's neighbor, North Korea, increased weapons testing during this time and poses a destabilizing risk to the Asian region.



Figure 9: China’s Military Expenditures as % of GDP

Source: “Military expenditure (% of GDP),” The World Bank, <https://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS> (accessed April 9, 2018).

Military Expenditures

China's military spending has not increased when viewing it through the context of percentage of money spent relative to GDP, although data reliability is limited. It is possible the data China provides the UN and other international organizations is misleading, but the numbers are what China presented. Based on this data, China steadily allocated approximately 2.0% of their GDP towards military spending. Per Figure 9, there was a temporary increase towards 2.1% in 2009. Pre-2009, the average percentage of the GDP spent on the military was approximately 2.0%, with 1.9% the average allocated to the military post-2009. While it is an increase in total terms relative to previous years, there is no significant percentage increase in the overall military expenditures by China relative to its GDP.

China’s military modernization

Waltz’s theory depicts “international politics as a competitive realm,” and assumes “contending states imitate the military innovations

contrived by the country of greatest capability and ingenuity.”²⁶ If true, then China should be increasing its military capabilities to maintain the ability to secure themselves and become a great power. They should try to imitate U.S. capabilities. Gilpin’s theory states “the economy that breaks through the apparent technological stagnation of the present will undoubtedly become the technological innovator and global power of the future.”²⁷ If Gilpin is correct, then China should innovate within the military realm of technology, not just imitate U.S. military technology.

Nations seek ways to modernize their military. In January 1991, the U.S. military began airstrikes on Iraq during Desert Storm. The airstrikes demonstrated the capability of the U.S. to bypass and take down strong air defenses. Operation Desert Storm put the world on notice of the ability of the U.S. to use their military with reasonable expectation to strike any nation in the world. This prompted China to work towards modernizing its military.²⁸ After years of relying on Russian assistance, China is making moves to develop and field Chinese-made military hardware. This is occurring in space, air, maritime, cyber, and land domains.

China is also working on improvements in heavy transport, airborne early warning (AEW), air-to-air-refueling, and intelligence, surveillance and reconnaissance platforms.²⁹ For the heavy platforms, China may replace current Russian IL-76s with Chinese Y-20s. The first two Y-20 platforms were delivered to the Chinese Air Force in June 2016,

²⁶ Waltz, *Theory of International Politics*, 127.

²⁷ Gilpin, *War and Change*, 180.

²⁸ Brian R Moore and Renato R Barreda, “China’s PLA Gets Smarter (and Bigger, Faster, Stronger),” *ForeignPolicy*, August 9, 2016, <http://foreignpolicy.com/2016/08/09/china-military-modernization-college-degrees-pla-education/>.

²⁹ *Military Balance: the Annual Assessment of Global Military Capabilities and Defence Economics 2017* (Arundel House, Temple Place, London, UK: Routledge, Taylor & Francis for The International Institute for Strategic Studies, 2017), 258-259.

with a possible emergence of tanker and AEW platforms later, depending on the Y-20 performance.³⁰

In addition to heavy aircraft, China is making strides with air-to-air platforms. Its Air Force uses both the Russian Su-27 and Su-35 family of aircraft. Simultaneously, China's Shenyang Aircraft Corporation manufactures the domestic version of the Su-27 while developing the J-11. The J-11 is being upgraded and compared against the Su-35 to see which version the Chinese Air Force will ultimately adopt.³¹ Additionally, China's Chengdu Aircraft Industry Group continues on the Chinese J-20 'fifth-generation' multirole fighter and is preparing to begin research into sixth-generation technology.³² According to the International Institute for Strategic Studies, China will need to develop new tactics for employment of advanced fighters with the Air Force's current inventory, which could potentially put China on par with Western capabilities.

On top of aircraft improvements, China is also upgrading its short-range air-to-air missile. The new PL-10 appears to have entered service with the air force in 2016 and will replace the PL-8 and R-73 missiles. The PL-10 may become an exportable weapon, increasing the number of military hardware systems China exports.³³

In the maritime field, China continues to develop its aircraft carriers, starting work on its second as of February 2018.³⁴ Further, recent satellite imagery showed the construction of China's sixth Type

³⁰ Military Balance: the Annual Assessment, 258-259.

³¹ Military Balance: the Annual Assessment, 258-259.

³² Gabriel Dominguez and Reuben F Johnson, "China to develop new J-20 variants, begin research on 'sixth-generation' fighter, says report," *Jane's 360*, March 14, 2018, <http://www.janes.com/article/78569/china-to-develop-new-j-20-variants-begin-research-on-sixth-generation-fighter-says-report> (accessed March 30, 2018).

³³ Military Balance: the Annual Assessment, 258-259.

³⁴ Marcus, "The 'globalisation' of China's military power."

055 destroyer.³⁵ The army is using training, and China is currently working on autonomous tanks for use on the battlefield.³⁶

Conclusion. China's actions with military troop numbers and modernization currently indicate prestige motivates actions in this specific case. Power could also explain China's motivations in this specific case. China is not increasing their number of troops or changing the budget allocations or military spending. If China perceived a change, or increase, in existential threats over the previous 15 years, then one would expect an increase in military size and allocate a greater percentage of its budget towards military expenditures. Instead, China continues to hold stable on its military expenditures after reducing its military force by 25% since prestige best explains these specific actions.

China is modernizing its military. Until recently, China was imitating the U.S. through the acquisition of Russian-made military equipment and alleged theft of other nation's technology. Imitation is slowly turning towards military innovation, creating the potential for China to breakthrough with a new military capability. China developing their own military capabilities allows them to gain prestige by being perceived as a nation capable of advanced military technology relative to their neighbors. As long as China continues to innovate without using capabilities to significantly shape the international community, prestige best explains these actions, though it is very close to a tie between power and prestige.

Diffusion of Technology

Waltz's theory depicts the diffusion of technology as states imitating the strong states. Technology diffusion threatens great powers

³⁵ Sean O'Connor, "China beings work on sixth Type 055 destroyer," *Jane's* 360, March 14, 2018, <http://www.janes.com/article/78570/china-beings-work-on-sixth-type-055-destroyer> (accessed March 30, 2018).

³⁶ Jeffrey Lin and P.W. Singer, "Chinese Autonomous Tanks: Driving Themselves To A Battlefield Near You?," *Pakistan Defence*, October 9, 2014, <https://defence.pk/pdf/threads/chinese-autonomous-tanks-driving-themselves-to-a-battlefield-near-you.337897/> (accessed April 8, 2018).

and great powers try to maintain their advantage for as long as possible. For Gilpin, “the diffusion of military and economic technology from more advanced societies to less advanced societies is a key element in the international redistribution of power.”³⁷ Using UAVs as an example, the U.S. could be considered one of the most capable nations over the last ten years regarding armed UAV technology. China should imitate the U.S.’ UAV technology and will retain advancements for themselves if they are concerned more with power, than prestige. However, if prestige motivates China, then China should seek to diffuse UAV technology to nations the U.S. is unwilling to sell UAV technology. By selling to nations the U.S. currently does not, China builds relationships and fills a gap left by the U.S., increasing China’s prestige.

UAV Export Agreements

China began exporting armed drones in 2014-2015.³⁸ The U.S. possesses some of the best UAV technology. Self-imposed restrictions by the U.S. on UAV technology prevents the spread of U.S. UAVs into the hands of terrorists or unfriendly nations. These restrictions limits nations with whom the U.S. is willing to share technology.

Under President Obama, the U.S. tried to forge an international agreement aimed at limiting the proliferation of drones and attempting to prevent weapons misuse. The agreement was never accepted by the international community. Instead, China went ahead and provided the technology at a fraction of the cost to countries.³⁹ Former Pentagon official Paul Share shared that the current U.S. export policy hurts U.S. strategic efforts abroad while increasing China's relationship status with other nations.⁴⁰ China fills a gap left by the U.S. and her allies with the

³⁷ Gilpin, *War and Change*, 177.

³⁸ Jeremy Page and Paul Sonne, “Unable to Buy U.S. Military Drones, Allies Place Orders With China,” *The Wall Street Journal*, July 17, 2017, <https://www.wsj.com/articles/unable-to-buy-u-s-military-drones-allies-place-orders-with-china-1500301716> (accessed March 30, 2018).

³⁹ Page and Sonne, “Unable to Buy U.S. Military Drones, Allies Place Orders.”

⁴⁰ Page and Sonne, “Unable to Buy U.S. Military Drones, Allies Place Orders.”

restrictions on selling UAV technology, specifically armed UAV technology. China also fills a gap for developing countries unable to afford U.S. military technology. China fills this gap willingly, while simultaneously spreading influence and building relations through these deals.

Exporting armed UAVs allows China to increase diplomatic and security ties with nations contracted to receive UAVs.⁴¹ In February 2018, the United Arab Emirates (UAE) hosted a drone conference.⁴² This conference represents UAE's willingness to embrace drone technology going forward, but also represents the difficulty Middle East countries, even those allied with the U.S., face when trying to buy drones from the U.S. The UAE is an interesting example of current Chinese tactics of exporting technology. UAE's Al Dhafra Air Base supports U.S. personnel flying missions from this location. One of the aircraft flown from Al Dhafra Air Base is the U.S. UAV Predator. The U.S. sold \$200M in unarmed predators to the UAE, but under President Obama, did not weaponize the drones due to the Missile Technology Control Regime.⁴³ This agreement limits the spread of missile technology.

The U.S. is willing to share unarmed UAV technology, but limits armed UAV technology sales. The UAE is rumored to have purchased weaponized drones from China. China does not officially acknowledge this, but satellite photographs appear to show Wing Loong IIs on an Emirate airbase. U.S. limits on sharing UAV technology creates situations similar to the February 2018 drone expo. At this expo, Emirati officials stopped first at a Chinese stand with a mock armed

⁴¹ Michael S Chase et al., "Emerging Trends in China's Development of Unmanned Systems," Rand Corporation, https://www.rand.org/content/dam/rand/pubs/research_reports/RR900/RR990/RAN_D_RR990.pdf (accessed March 30, 2018).

⁴² Associated Press, "Chinese military drone sales hover over Middle East," South China Morning Post, February 26, 2018, <http://www.scmp.com/news/china/diplomacy-defence/article/2134680/chinese-military-drone-display-united-arab-emirates> (accessed March 30, 2018).

⁴³ Associated Press, "Chinese military drone sales hover over Middle East."

drone hanging over the station.⁴⁴ In the diplomatic world, something as simple as the order official delegations stop, meet others, carries significant weight.

Imitating U.S. UAV Technology

China is currently the world's third-biggest arms seller by value behind the U.S. and Russia.⁴⁵ In Saudi Arabia, satellite images captured in October 2016 show three Wing Loong drones on a Saudi Arabia runway. Military strikes in Yemen use this runway.⁴⁶ In March 2017, China and Saudi Arabia agreed to joint produce 100 Rainbow drones in Saudi Arabia. These drones include the newer CH-5 model.⁴⁷ Additionally, the Chinese CH-4 Rainbow was photographed on a Jordanian runway near the Syrian border. It is a medium-altitude-long-endurance-class reconnaissance platform exported by China.⁴⁸ It is similar to the U.S. Predator and comes in two variants: unarmed (CH-4A) and armed (CH-4B). The armed version can carry up to 345kg of stores at four points.⁴⁹ In July 2017, China validated exportable upgrades to the CH-4⁵⁰, further supplying and upgrading armed UAVs to countries where the U.S. restricts weapons technology transfers. The cost of this platform, relative to the U.S. Predator is almost half of the price, but

⁴⁴ Associated Press, "Chinese military drone sales hover over Middle East."

⁴⁵ Robert Wall and Doug Cameron, "China Overtakes Germany as World's Third-Largest Arms Exporter," *The Wall Street Journal*, March 15, 2015, <https://www.wsj.com/articles/china-overtakes-germany-as-worlds-third-largest-arms-exporter-1426460722>.

⁴⁶ Page and Sonne, "Unable to Buy U.S. Military Drones, Allies Place Orders."

⁴⁷ Page and Sonne, "Unable to Buy U.S. Military Drones, Allies Place Orders With China."

⁴⁸ Kelvin Wong, "China's CH-4 armed reconnaissance UAV receives upgrades," *Jane's 360*, August 4, 2017, <http://www.janes.com/article/72877/china-s-ch-4-armed-reconnaissance-uav-receives-upgrades> (accessed March 30, 2018).

⁴⁹ "Chinese UAV gains hold in Middle East [SOFEX16D2]," *Jane's 360*, May 11, 2016, <http://www.janes.com/article/60190/chinese-uav-gains-hold-in-middle-east-sofex16d2> (accessed March 30, 2018).

⁵⁰ Wong, "China's CH-4 armed reconnaissance UAV receives upgrades,"

comparable in overall performance and capability.⁵¹ Figure 10 shows countries the Wing Loong was recently discovered.

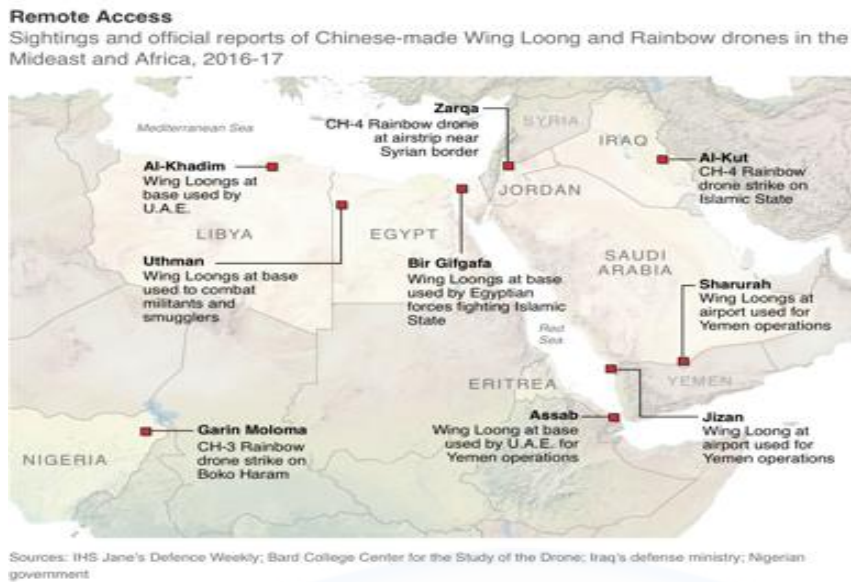


Figure 10: Sightings and official reports of Chinese-made Wing Loong and Rainbow drones in the Mideast and Africa, 2016-17

Source: Jeremy Page and Paul Sonne, "Unable to Buy U.S. Military Drones, Allies Place Orders With China," *The Wall Street Journal*, July 17, 2017, <https://www.wsj.com/articles/unable-to-buy-u-s-military-drones-allies-place-orders-with-china-1500301716> (accessed March 30, 2018).

Conclusion

China is diffusing technology to fill gaps left by the U.S. It is probable China does this for two reasons. First, it undercuts the U.S. and reduces any advantage of the U.S. and its allies over nations not in possession of armed UAVs. This could be a result of power by not enabling the U.S. to keep an advantage. It could also be a result of prestige, the second reason explaining China's actions. Providing armed UAVs to nations the U.S. is not willing, China provides a desired capability and increases their favorability with the nation buying the weapons. Deciding between power and prestige in this case is difficult,

⁵¹ Tom O'Connor, "China's Deadliest Drone Compares to U.S. Rival, But It's Cheaper and Easier to Use," *Newsweek*, July 18, 2017, <http://www.newsweek.com/china-deadliest-drone-compare-us-cheaper-easier-use-638516>.

as both options could be the motivation. Due to this, the author considers it a tie.

Sanctions Enforcement

Gilpin's theory states great powers impose rules on the international system, which "govern, or at least influence the interactions among states."⁵² Sanctions enforcement allows a country to demonstrate its acceptance of legitimacy for the organization creating sanctions. Further, we should see nations desiring favorable perception to enforce sanctions accepted overwhelmingly by the international community. Viewed through Waltz's paradigm, nations should prioritize balance-of-power and security. Nations choosing to not enforce sanctions do so because they either do not believe in the legitimacy of the organization creating the sanctions, or sanctions enforcement is detrimental to their national security. United Nations Security Council sanctions against North Korea offer a case to see if China enforces, does not enforce, or a combination of enforce/does not enforce these specific sanctions.

North Korean Nuclear Tests

Three North Korean nuclear tests occurred between 9 October 2006 and 12 February 2013. The pace quickened between 6 January 2016 and 3 September 2017 with three more. Each one was met with the unanimous consent of resolutions by the United Nations Security Council. Resolution 1718 imposed economic and commercial sanctions against persons involved with the North Korean nuclear testing. It also established an arms embargo.⁵³ The second North Korean nuclear test resulted in resolution 1874 with enhanced sanctions of those already in effect on North Korea. As with the previous resolution, it called for inspections of ships thought to be in violation of the sanctions.⁵⁴ China

⁵² Gilpin, *War and Change*, 34.

⁵³ United Nations Security Council resolution 1718, Resolution 1718 (14 October 2006), http://www.un.org/ga/search/view_doc.asp?symbol=S/RES/1718%20%282006%29.

⁵⁴ "Security Council, Acting Unanimously, Condemns in Strongest Terms Democratic People's Republic of Korea Nuclear Test, Toughens Sanctions," United Nations, June 12,

voted yes on this, but only because the text of the resolution showed the Security Council was determined to solve the North Korean nuclear issue through dialogue and negotiations. China's representative at the meeting also stressed the need for humanitarian considerations and not adversely impacting North Korea's development. China's representative also mentioned that there should be no threat or use of force under any circumstance.⁵⁵

Resolutions 2087, 2270, 2321 all added to existing sanctions on North Korea, and Resolution 2375 increased sanctions on oil by cutting 55% of refined petroleum products to North Korea.⁵⁶ This resolution's passing coincided with the U.S. heaping praise on China for its role in increasing pressure on North Korea and attempting to bring North Korea in line with international agreements. Since the passing of Resolution 2375, however, the U.S. accused China of skirting sanctions by conducting the ship-to-ship transfer of oil with North Korea.⁵⁷ The apparent violation is interesting given China supported the U.S.' drafted resolution on North Korea which cut petroleum imports up to 90%.⁵⁸ It is possible China supported it to gain prestige but knowing it could possibly get away with cheating. UN Security Council sanctions require North Korean nationals working abroad to return home within 24

2009, accessed February 5, 2018,

<https://www.un.org/press/en/2009/sc9679.doc.htm>.

⁵⁵ "Security Council, Acting Unanimously, Condemns in Strongest Terms," UN.

⁵⁶ United Nations Security Council resolution 2375, Resolution 2375 (11 September 2017),

https://www.un.org/ga/search/view_doc.asp?symbol=S/RES/2375%282017%29

⁵⁷ "North Korea: Trump accuses China of allowing oil transfers," BBC News, December 29, 2017, accessed February 5, 2018, <http://www.bbc.com/news/world-asia-42508673>.

⁵⁸ "North Korea: Trump praises latest UN sanctions over missiles," BBC News, December 23, 2017, <http://www.bbc.com/news/world-asia-42464011> (accessed April 8, 2018).

months and banned certain North Korean exports, including machinery and electrical equipment.⁵⁹

UN Security Council Resolution 2375 demonstrated altered stances by China towards North Korea. Before this resolution, the evolution of sanctions against North Korea for nuclear tests was incremental. Russia and China restrained U.S. desires for tougher sanctions. China consistently advocated for a peaceful solution to North Korea's nuclear ambitions, even though North Korea has never stopped testing.⁶⁰

Conclusion

China changed its commitment to enforcing sanctions because China needs to be seen upholding international law. Continued North Korean nuclear testing occurs against the international community's desires and forces China to either be viewed as supporting the legitimacy of the UN Security Council or siding with North Korea, which is visibly going against the international community's established norms. Since China is increasing sanctions enforcement, and holding the line on using dialogue and negotiations to bring North Korean actions towards current norms, prestige best explains this case.

Peacekeeping Forces

Waltz does not speak to peacekeeping forces and peacekeeping forces should not be considered an indicator of power since most nations in the international community contribute either forces or money to UN

⁵⁹ United Nations Security Council resolution 2397, Resolution 2397 (22 December 2017),

https://www.un.org/ga/search/view_doc.asp?symbol=S/RES/2397%282017%29

⁶⁰ Michael Martina and Jeff Mason, "China's Xi urges peaceful resolution of North Korea tension in call with Trump," Reuters, April 11, 2017,

<https://www.reuters.com/article/us-northkorea-nuclear-idUSKBN17E0B6>; Shannon Tiezzi, "China Starts Enacting Sanctions on North Korea," The Diplomat, March 10, 2016, <https://thediplomat.com/2016/03/china-starts-enacting-sanctions-on-north-korea/>.

and regional peacekeeping operations.⁶¹ Gilpin writes that though “every state and group in the system could benefit from particular types of change, the costs involved will discourage attempts to seek a change in system...the international status quo is held to be a legitimate one, at least by the major states in the system.”⁶² Looking at peacekeeping contributions provides insight to the level of commitment and contribution of forces to maintain the status-quo in the world. Using China’s contributions, we can see if China’s contributions in troops or finances are increasing, decreasing, or consistent. We can also see if China is doing anything beyond basic contributions.

Reasons to Contribute to Peacekeeping Missions

UN peacekeeping missions are significant to nations for two general reasons. First, developing countries often send the most troops to support UN missions.⁶³ UN peacekeeping missions provide a source of income for developing countries to pay their militaries.⁶⁴ China straddles the line between a developing nation and a developed state but sends the most troops out of the permanent members of the security council and the countries listed. Second, peacekeeping operations provide real-world training and opportunities to deploy to different areas of the world and gain valuable experience. China uses peacekeeping missions to acquire operational training for its troops. These deployments allow the People’s Liberation Army to gain experience engaging in real battles, rather than rely extensively on training situations.⁶⁵ An additional reason for China to deploy is to raise its status in strategic emerging nations. In 2015,

⁶¹ Ashley Kirk, “UN peacekeepers: How many personnel does each country contribute?,” *The Telegraph*, September 29, 2015, <https://www.telegraph.co.uk/news/worldnews/asia/china/11898603/UN-peacekeepers-How-many-personnel-does-each-country-contribute.html>.

⁶² Gilpin, *War and Change*, 11-12.

⁶³ “International Day of United Nations Peacekeepers,” *United Nations*, May 29, 2003, <http://www.un.org/en/events/peacekeepersday/2003/docs/qanda.htm>.

⁶⁴ Ashley Kirk, “UN peacekeepers: How many personnel does each country contribute?,”

⁶⁵ Zheng, “China completes registration of 8,000-strong UN peacekeeping force.”

China deployed combat troops as part of UN missions to South Sudan, where it has significant oil investments in South Sudan.⁶⁶

China's Peacekeeping Deployments/Contributions

Before 1981, China did not contribute any peacekeeping forces or monetary support.⁶⁷ China's aversion to peacekeeping operations was because China viewed these missions as tools of Western powers.⁶⁸ Over the last two decades, China became a strong proponent of peacekeeping operations, as evidenced by Figure 11. From 1981 to 2001, China only contributed personnel to peacekeeping operations in Cambodia and East Timor. China abstained from nonconsensual peacekeeping resolutions, including the Rwandan genocide and the ethnic cleansing occurring in former Yugoslavia.⁶⁹ The first deployment in August 1992 was a 400-member strong engineering corps.⁷⁰ Since 2001, China increased the participation in UN peacekeeping operations and recently began training combat troops deploying in support of UN peacekeeping operations.

⁶⁶ "China's Foreign Policy Experiment in South Sudan," *International Crisis Group*, July 10, 2017, <https://www.crisisgroup.org/africa/horn-africa/south-sudan/288-china-s-foreign-policy-experiment-south-sudan>.

⁶⁷ Courtney J Fung, "China's Troop Contributions to U.N. Peacekeeping," United States Institute of Peace, July 26, 2016, <https://www.usip.org/publications/2016/07/chinas-troop-contributions-un-peacekeeping> (accessed March 30, 2018).

⁶⁸ Zheng, "China completes registration of 8,000-strong UN peacekeeping force."

⁶⁹ Fung, "China's Troop Contributions to U.N. Peacekeeping,"

⁷⁰ Sarah Zheng, "China completes registration of 8,000-strong UN peacekeeping force, defence ministry says," *South China Morning Post*, September 29, 2017, <http://www.scmp.com/news/china/diplomacy-defence/article/2113436/china-completes-registration-8000-strong-un> (accessed March 30, 2018).

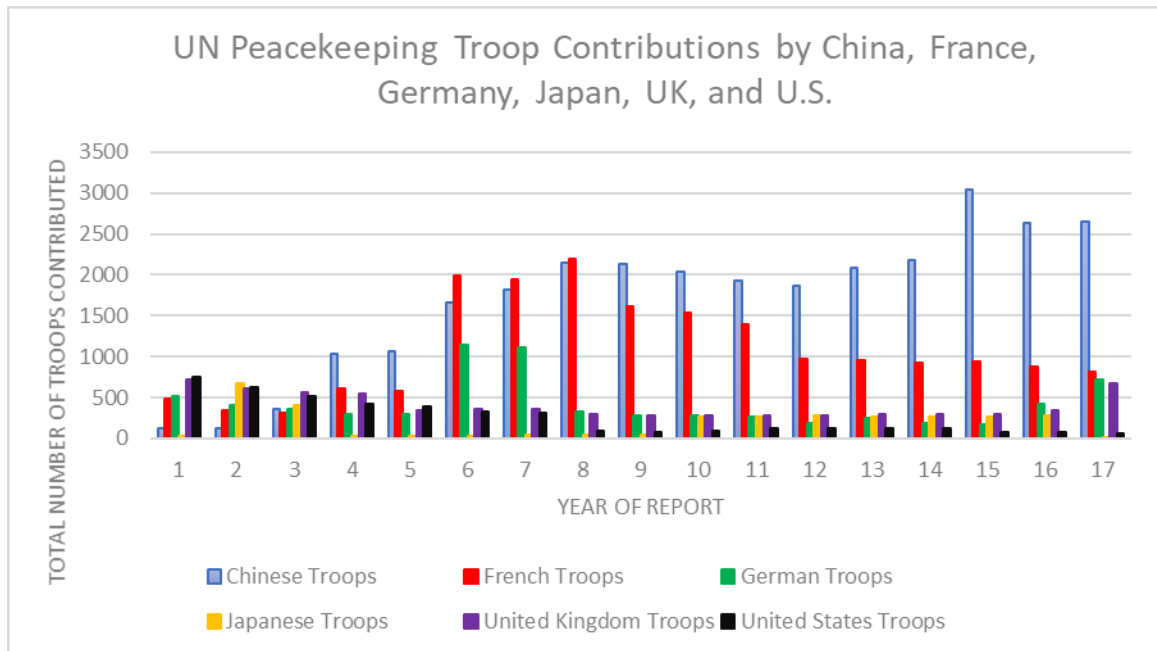


Figure 11: UN Peacekeeping Troop Contributions by China, France, Germany, Japan, UK, and U.S.

Source: “Troop and police contributors,” United Nations Peacekeeping, <https://peacekeeping.un.org/en/troop-and-police-contributors> (accessed March 30, 2018).

Per Figure 11, before 2003/2004, China did not significantly contribute to UN peacekeeping efforts relative to the other five countries listed. In fact, China contributed only 123 personnel to peacekeeping operations, accounting for approximately .31% (Per Figure 12) of the entire UN peacekeeping forces in 2002. In 2005 China provided 1059 soldiers, resulting in 1.52% of overall UN peacekeeping forces. Since 2005, China has deployed approximately between 1.9 and 2.1% of the total troops to the UN peacekeeping forces, with the years 2015-2017 at 2.84%, 2.62%, and 2.85%. China's troop commitments equate to over 2000 troops on average per year. Over 80% of personnel deployed by China support missions in Africa.⁷¹ This coincides with economic visibility in Africa.

⁷¹ Chin-Hao Huang, “Peacekeeping Contributor Profile: The People’s Republic of China (Last updated April 2017),” Providing for Peacekeeping, <http://www.providingforpeacekeeping.org/2014/04/03/contributor-profile-china/> (accessed April 8, 2018).

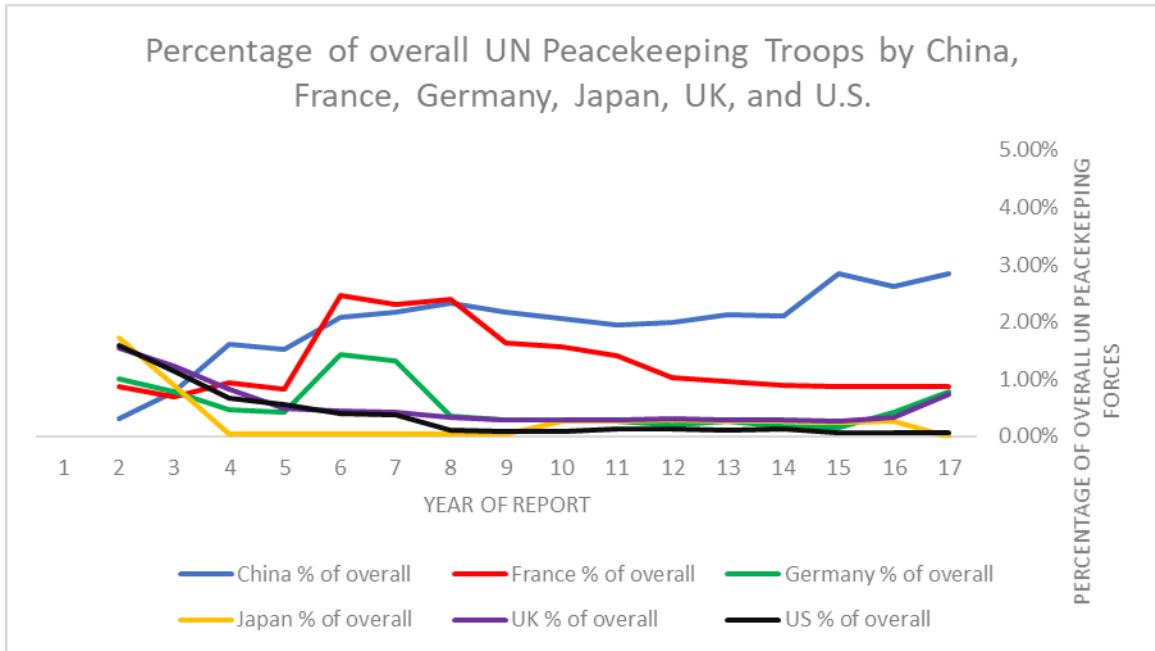


Figure 12: Percentage of overall UN Peacekeeping Troops by China, France, Germany, Japan, UK, and U.S.

Source: “Troop and police contributors,” United Nations Peacekeeping, <https://peacekeeping.un.org/en/troop-and-police-contributors> (accessed March 30, 2018).

Comparing these numbers to the other five nations listed, except for France between 2006-2008, China deployed more personnel in support of UN peacekeeping operations since 2004. Germany is the only other country with a significant contribution (2006 and 2007) relative to the listed countries. Since 2002, the U.S., United Kingdom, and Japan decreased the number of troops deployed in support of UN peacekeeping operations, with the UK and Germany increasing deployments since 2016.

Additional Chinese Contributions to Peacekeeping

China recently announced a commitment of 8,000 troops to the UN peacekeeping standby force or one-fifth of 40,000 troops committed to this force by 50 nations. China completed registering these 8,000 troops on 22 September 2017. The standby force was drawn from six infantry battalions, two multi-purpose helicopter platoons, two transport

companies, and included an unmanned unit.⁷² In 2015, President Xi of China offered to train 2000 UN peacekeepers from other countries.⁷³ China also pledged \$100 million over five years to the African Union standby force to help operationalize the African Peace and Security Architecture.⁷⁴ China also committed \$1 billion over ten years to establish the UN Peace and Development Trust Fund.⁷⁵ All these commitments strengthen China's efforts to show it is emerging as a great power. It provides China another channel to increase its prestige and transition from resource diplomacy.

Conclusion

China contributes more than just troops and money to UN peacekeeping operations. China's financial commitment to UN missions in Africa and the 1-billion-dollar guarantee to the UN Peace and Development Fund⁷⁶ indicates China is seeking ways to increase its prestige. UN peacekeeping missions provide an opportunity for China to demonstrate commitment to international peace and security.

Treaties

Gilpin's theory concerning allies' states that over time, the cost-sharing between allies will become disproportionate, with the stronger ally overpaying.⁷⁷ Further, "The minor ally may involve the major ally in disputes of its own from which the latter cannot disengage itself without heavy costs to its prestige."⁷⁸ One should expect alliances to change as the benefits to both change relative to the risk of staying in the alliance.

⁷² Zheng, "China completes registration of 8,000-strong UN peacekeeping force."

⁷³ Zheng, "China completes registration of 8,000-strong UN peacekeeping force."

⁷⁴ Huang, "Peacekeeping Contributor Profile: The People's Republic of China."

⁷⁵ Xinhua, "China's contribution to peacekeeping 'extremely important,' says UN peacekeeping chief," *China Daily*, July 2, 2017, http://www.chinadaily.com.cn/world/2017-07/02/content_29964537.htm (accessed March 30, 2018).

⁷⁶ Xinhua, "China signs agreement with UN to finance peace, security, development activities," *China.org*, May 7, 2016, http://www.china.org.cn/world/2016-05/07/content_38402057.htm.

⁷⁷ Gilpin, *War and Change*, 193.

⁷⁸ Gilpin, *War and Change*, 193.

Using North Korea and China's alliance, we can look to see if there are any formal changes to their original treaty. This case also offers a look at public statements to see if formal agreements and public statements match up.

Treaty of Friendship

China has protected North Korea since the "Treaty of Friendship" was signed in 1961.⁷⁹ This treaty states China will assist North Korea militarily in case of war. The agreement renews every 20 years, and the next renewal is scheduled for 2021. This treaty causes the U.S. to pause before considering any military action and gives China power because the treaty influences the U.S. to coordinate action with China to avoid a costly miscalculation.

China's Nuanced Public Statement

North Korea conducts actions under China's protective umbrella. If China did not have this military treaty with North Korea, it is plausible North Korea would not be going down the current path towards nuclear weapons and increased missile technology. In 2017, China stated they would not support North Korea militarily if North Korea conducted the first military strike against another nation.⁸⁰ This statement subtly warned North Korea to back off their rhetoric in 2017. This rhetoric was aimed at the U.S. and Western media who believed it indicated a high potential North Korea would launch a nuclear weapon at either the U.S. mainland or a protected ally in the Asian region. China also voiced opposition to any change in the Korean peninsula's current status quo with this announcement. China declared that if countries attempted to

⁷⁹ Chanhyun Nam, "Beijing and the 1961 PRC-DPRK Security Treaty" (master's thesis, Naval Postgraduate School, 2010), https://calhoun.nps.edu/bitstream/handle/10945/5096/10Dec_Nam.pdf?sequence=1&isAllowed=y (accessed April 20, 2018).

⁸⁰ "Reckless game over the Korean Peninsula runs risk of real war," *Global Times*, August 10, 2017, <http://www.globaltimes.cn/content/1060791.shtml> (accessed March 30, 2018).

change the existing political structure, China would get involved on the side of North Korea to prevent this.⁸¹

Conclusion

The hedging by China on the Treaty of Friendship represents prestige more than power. North Korean and Chinese capabilities since the original signing of the Treaty of Friendship have changed. North Korea is a repressive regime operating against the norms of the International community. China adheres to the current norms. North Korean provocations of regional and international states threatens to bring China into a war if the Treaty of Friendship remains unchanged. The risks of staying in the Treaty of Friendship as originally written far outweigh current benefits and required a nuanced statement by China. China is not directly threatened militarily by a U.S. war with North Korea, but due to a shared border, China would be inundated with North Korean refugees fleeing any military action. China gains prestige by reframing the terms of the treaty by helping apply pressure to North Korea to not use nuclear weapons. This increases the positive view of China should North Korea not employ nuclear weapons.

⁸¹ “Reckless game over the Korean Peninsula runs risk of real war,” *Global Times*.

Chapter 5

Conclusion

The preponderance of evidence from the six case studies demonstrate China's shift in actions towards North Korea are the result of China seeking increased prestige within the international community. China has "control" of the AIIB and is increasing available funds to the AIIB. Further, China secured membership from 67 countries, including Western countries. The structure of the bank retains power to the Asian region, ensuring Western powers cannot come in and control it like the World Bank or ADB. The AIIB is a move for prestige in the region, not power.

Military strength is the result of prestige, though it is close with power. Data provided by China does not suggest power motivates China's military decisions, but rather maintaining the status-quo and ensuring national security. China is innovating, but current actions by China does not suggest offensive military action at this time.

Sanctions enforcement is the result of prestige. For China to be accepted as the top power in the Asian region, China must place greater emphasis on regional concerns, even those not perfectly aligned with Chinese goals. North Korea's actions are not viewed favorably within the international community, especially by nations allied with the U.S. For China to increase influence in the region, it must be viewed as helping to solve North Korea's destabilizing actions. Part of this revolves around enforcing UN Security Council resolutions.

Treaty management and peacekeeping operations appear motivated by prestige as well. Altering the alliance with North Korea applies pressure on North Korea to not instigate a war with other nations over nuclear weapons development. There is no benefit related to power, other than China does not have to defend North Korea in all cases. Prestige best explains alliance management due China gaining favor by

appearing to help resolve tensions on the Korean peninsula. Training peacekeeping troops in China builds capabilities and develops relationships. Committing large sums of money to UN peacekeeping efforts projects an image of Chinese concern for maintaining the status-quo.

Diffusion of technology is difficult to delineate between power and prestige. Provided data supports either argument. Further research into the minutes of official meetings could help delineate between power and prestige in this specific case. However, those minutes are not currently available and this case remains a tie between power and prestige based on current observable actions.

Areas for Future Research

This research does not address Chinese diplomatic efforts nor the current organization of the Chinese government. The effect of President Xi's recent election till 2021 deserves further research on emerging trends and if they demonstrate a shift from prestige to power. Further, there are technological and doctrinal issues with the Chinese Air Force implementing new technology. The Chinese are not known for good aircraft engines, nor have they demonstrated implementation of new tactics for their fifth-generation aircraft.

Additionally, this paper does not get into the specific deals between China and countries directly impacted by the One Belt, One Road policy. It is possible arrangements over the last ten years between China and these countries may indicate a heavy hand in relations, demonstrating China is playing power politics more than prestige.

Finally, this research does not get into the question of a potential U.S. decline. This could shift the argument for an expected timeline of China potentially catching the U.S. Should the U.S. decline and allow China to make gains relative to U.S. power, it is possible for China to

shift into overt power politics, which would alter my findings that China is concerned more with prestige at this point.¹



¹ The acknowledgement, or acceptance of a power's decline does not occur until after the power has declined. This makes it difficult to do anything but predict, something all writers must be cautious about doing.

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