



# **NAVAL POSTGRADUATE SCHOOL**

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## **THESIS**

**THE GLOBAL REACH OF CHINESE SOFT POWER  
CHINA'S RISE AND AMERICA'S DECLINE?**

by

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September 2007

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**THE GLOBAL REACH OF CHINESE SOFT POWER  
CHINA'S RISE AND AMERICA'S DECLINE?**

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Submitted in partial fulfillment of the  
requirements for the degree of

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## **ABSTRACT**

Over the past decade China has downplayed its hard power, instead focusing on a strategy to build its “soft power”. Emerging from a shell of defensive diplomacy dating back decades, China suddenly has engaged the world, wooing friends with a subtle, softer approach to make gains as America’s popularity has plummeted. In Africa, newly popular China is winning oil and gas deals; in Latin America, China is signing strategic partnerships, in the Philippines, Chinese films are making inroads against American movies, and in southern Thailand the U.S. consulate building in Songkhla is now the Chinese consulate. Clearly this charm offensive utilizing soft power has potentially forced the United States into a situation in which another country’s appeal outstrips its own. As China’s soft power encompasses a global reach, U.S. policymakers need to understand how China exerts soft power, whether China’s soft power is dangerous to developing nations, and whether elements of China’s charm offensive seek hard power objectives which could threaten U.S. interests.

As America faces a decline in its soft power, it will have to reverse course through the promotion of classic American values, public diplomacy, and a great culture to prevent the worst-case scenario, China using its soft power to push countries to choose between close ties to Washington or closer ties to Beijing. In the meantime, Washington must not foolishly ignore the gains China is making in the balance of soft power around the world, and seek to properly balance its soft and hard power, a sign of a country’s maturity and confidence, which China still struggles with.

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## I. INTRODUCTION

Over the past decade China has downplayed its hard power, instead focusing on a strategy to build its “soft power”.<sup>1</sup> Emerging from a shell of defensive diplomacy dating back decades, China suddenly has engaged the world, wooing friends with a subtle, softer approach to make gains as America’s popularity has plummeted. In Africa, newly popular China is winning oil and gas deals; in Latin America, China is signing strategic partnerships, in the Philippines, Chinese films are making inroads against American movies, and in southern Thailand the U.S. consulate building in Songkhla is now the Chinese consulate.<sup>2</sup> Clearly this charm offensive utilizing soft power has potentially forced the United States into a situation in which another country’s appeal outstrips its own. As China’s soft power encompasses a global reach, U.S. policymakers need to understand how China exerts soft power, whether China’s soft power is dangerous to developing nations, and whether elements of China’s charm offensive seek hard power objectives which could threaten U.S. interests.<sup>3</sup> Recognizing China’s increasing influence America’s strategy needs to counter Beijing’s charm offensive. Despite the fact that soft power is inherently difficult to define and measure, which complicates the precise American response, Washington must set clear objectives for itself throughout developing regions of the world, wherever China is employing its charm offensive.

China’s exertion of influence includes the recent increase of soft power expansion, which is the ability to influence by persuasion and example rather than coercion. For instance, Beijing’s joining of multilateral institutions, supporting peacekeeping operations, powering economic growth in Latin America and Africa, developing nations with emerging markets, and fighting narcotics and human trafficking all reflect its growing soft power strategy. Yet, China’s growing power also exports its

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<sup>1</sup> Joseph S. Nye Jr. *Soft Power: The Means to Success in World Politics* (New York: Public Affairs, 2004).

<sup>2</sup> Joshua Kurlantzick. *Charm Offensive, How China’s Soft Power Is Transforming the World* (New Haven, CT: Yale University Press, 2007), ix.

<sup>3</sup> Joshua Kurlantzick. “China’s Charm: Implications of Chinese Soft Power” Washington, D.C., Carnegie Endowment for International Peace (June 2006): 1.

domestic problems. Chinese companies' poor labor and environmental records and opaque governance practices arrive in Latin America and Africa along with Chinese investment. These aspects of China's soft power could prove to be disastrous for developing nations. China's model may not be best suited for democratization, for anticorruption initiatives, and for good governance. In addition, most importantly China's soft power could have a significant impact on American interests. If Beijing discovers that its interests do not overlap with America's, its soft power has enabled China to force countries to decide between Washington and Beijing. China's benign image has made other countries feel more comfortable establishing closer ties to Beijing and nations in Asia, Latin America, and Africa are using Beijing as a hedge against America's soft power. In places where America's soft power has declined, one finds that China has stepped in to find willing partners. In a worst-case scenario, China's wielding of soft power will incrementally push Japan, Taiwan, and even the United States out of regional power positions.

Taiwan provides an example of this scenario. As one of the charm offensive's goals, Beijing seeks to isolate Taiwan politically. In Latin America, for instance, some countries have formally recognized Beijing and renounced Taipei in order to benefit their economies. Though Taiwan retains nearly half of its formal allies in Latin America, China's economic growth, aid, investment, and increasing attractiveness swayed Venezuela, Peru, Bolivia, Brazil, Dominica, Grenada, and Guatemala to recognize to Beijing all within the last ten years.<sup>4</sup> China also earned the status of an observer at the Organization of American States, which is consistently denied to Taiwan. Should Panama, one of the last remaining nations to recognize Taiwan switch recognition caused by aid, education, and investment provided by Beijing, the remaining Central American nations would likely follow, strengthening Beijing's position in the Latin American.

Nevertheless, regardless of the quality of China's growing soft power in its current stage Washington needs to critically observe Beijing's intentions. Its growing influence may push nations to make a more explicit choice between external powers'

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<sup>4</sup> Kurlantzick. *Charm Offensive*, 142.

alliances. A reformed American foreign policy is needed to adjust to China's growing charm offensive to include an understanding of the growth of Beijing's soft power, a reassessment the United States' own soft power, and learning from the Chinese through their style of public and foreign diplomacy.<sup>5</sup> If it is clear that China's influence undermines the development of emerging markets and developing nations' democratization and good governance, the United States must expose Beijing's links to autocratic governments and convince China that support for authoritarianism imperils their interest in long-term regional and global stability. Despite the difficulty in defining and measuring the soft power of a country, it is clear that China's appeal and attraction to developing nations and emerging markets has increased in recent years. The United States' response should include paying attention to China's soft power as well as to the reasons for America's decline of soft power.

The first step in determining the reach of Chinese soft power is defining soft power. Joseph Nye, who coined the term in *Bound to Lead* offers, "It is the ability to get what you want through attraction rather than coercion or payments. It arises from the attractiveness of a country's culture, political ideals, and policies."<sup>6</sup> However, his definition became simply misunderstood as merely the influence of Coca-Cola, Hollywood, blue jeans, and money. Another way to describe soft power is to determine what it is not. Soft power is not hard power, such as military and economic might, which may be used to persuade others. Hard power can rest on inducement (carrots) or coercion (sticks), but soft power seeks to persuade through the power of attraction. Additionally, soft power is not necessarily the same as influence. Soft power is the ability to attract, which may lead to acquiescence and indirectly lead to influence. According to Nye, "Simply put, in behavioral terms soft power is attractive power."<sup>7</sup>

Hard power and soft power differ in ways outcomes are obtained. Commands, threats, sanctions, inducements, restrictions are all aspects of hard power which generally intend to make a state act in a manner it would not normally desire. However, if a sense

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<sup>5</sup> Kurlantzick. *Charm Offensive*, 5.

<sup>6</sup> Nye. *Soft Power*, x.

<sup>7</sup> Nye. *Soft Power*, 6.

of attraction, appeal, and contribution determine behavior then soft power is at work. Similarly, soft power does not use the currency of force or money, but an attraction of shared values and the contribution to achieving and enforcing those values. Furthermore, soft power tends to be associated with the ability to shape what others want through attractiveness whereas hard power is similar to command power, the ability to change what others do via coercion or inducement. The differences between hard and soft power are important, but the importance of soft power is greater. A state wants to obtain its objectives in world politics because other countries admire its values, emulate its example, aspire to its level of prosperity, and simply want to follow it. It is this sense that attracts other states not by force and threats or sanctions, but by co-opting nations.<sup>8</sup>

Nye suggests that in the case of China, soft power attraction has strongly assisted Beijing's hard power objectives. While this is the case for America as well it is an indication of China's development into a great power. "In a global information age, soft sources of power such as culture, political values, and diplomacy are part of what makes a great power."<sup>9</sup> To complement the original definition offered by Joseph Nye, Elizabeth Economy cited in a recent *Council on Foreign Relations* article offers her views, "People often conflate soft power with investment and economic development, but I define it as culture, education, and diplomacy."<sup>10</sup>

Recently Joshua Kurlantzick published *Charm Offensive* offering a different perspective on soft power. "In the context of China, both the Chinese government and many nations influenced by China enunciate a broader idea of soft power than did Nye. For the Chinese, soft power means anything outside of the military and security realm, including not only popular culture and public diplomacy but also more coercive economic and diplomatic levers like aid and investment and participation in multilateral organizations that are Nye's carrots and sticks."<sup>11</sup> Further, Kurlantzick explains that soft

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<sup>8</sup> Nye. *Soft Power*, 5-8.

<sup>9</sup> Joseph S. Nye, Jr. "The Rise of China's Soft Power" *The Asian Wall Street Journal*, 29 December 2005.

<sup>10</sup> Esther Pan. "China's Soft Power Initiative" Washington D.C., Council On Foreign Relations (May 2006).

<sup>11</sup> Kurlantzick. *Charm Offensive*, 6.

power has two audiences. The elites are recipients of high soft power, whereas the general public is targeted with a lower level of soft power, suggesting Beijing's aid and investment may be attractive for authoritarian regimes aiming to stay in power, while soft power aimed at gaining the general public's support may be attractive to democracies. For the purpose of this thesis, soft power will expand upon Kurlantzick's definition to include aid and investment provided by the state as an aspect of a nation's public diplomacy and policies. Such an approach captures Nye's original definition, incorporates Kurlantzick's additions, and ensures all potentially attractive aspects of a state are explored.

Beyond the definition of soft power, among scholars there appears to be a limited divergence in how Chinese soft power is expressed. Within our working definition of soft power, there is general consensus that China is steadily increasing its support for cultural and education exchanges. For example, the number of foreign students in China has tripled to 110,000 from 36,000 over the past decade, and foreign tourists have also increased dramatically to 17 million last year.<sup>12</sup> In 2005, China's education ministry announced a new initiative to increase Chinese-language teaching in American universities and language institutes around the world. Beijing University began sponsoring a visiting-scholar fund to encourage foreign PhDs to study in China. "A decade ago, no Chinese university could support such a program," according to Elizabeth Economy.<sup>13</sup> In addition to increasing its traditional culture and educational exchanges, the Chinese public diplomacy also has seen adjustments in the past decade. By joining the World Trade Organization, contributing to United Nations peacekeeping operations, assisting with nonproliferation issues, settling territorial disputes with its neighbors, and joining a variety of regional organizations, China has made it clear that its new public diplomacy combined with "China's peaceful rise" slogan are to ease fears of its intentions.<sup>14</sup>

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<sup>12</sup> Joseph S. Nye, Jr. "The Rise of China's Soft Power" *The Asian Wall Street Journal*, 29 December 2005.

<sup>13</sup> Elizabeth Economy cited in Esther Pan. "China's Soft Power Initiative" *Council on Foreign Relations* (May 2006).

<sup>14</sup> Nye. *Soft Power*, 88.

China's soft power reach extends to Latin America, Africa, the Middle East, and Southeast Asia. Chinese influence may be portrayed as benign in Latin America. However, its two objectives in the region, those of resource gathering and convincing nations to renounce their recognition of Taiwan are clearly hard power related. In Africa, China is criticized for supporting authoritarian regimes and therefore, advocating human rights violations as in the case of Sudan. Yet, China has trained more than 100,000 Africans in Chinese universities and military institutes, sent 900 doctors to work across Africa, and Chinese entities are making major investments in African infrastructure.<sup>15</sup>

While at this juncture one may be overstating China's soft power because its aggressive commercial policies may also precipitate anti-Chinese sentiment, as seen in the case of Nigeria and Pakistan, it is something that requires attention as it is part of a larger power strategy.<sup>16</sup> Further, China's resource grab in the Middle East, Central Asia, and Southeast Asia points that most of China's influence is still security related. China is able to win its influence because it can pose a threat, militarily, economically, or politically to many countries. Polls and surveys throughout the world indicate a rise in China's soft power and attraction, but while its culture and some public diplomacy tools are successful, its values and domestic policies have a limited appeal. The Communist Party fears intellectual freedom and resists outside influences. The government has a reputation of corruption and is known for poor labor and environmental standards that may breed discontent around the world as these issues are exported through China's government-sponsored international initiatives.<sup>17</sup>

In comparing China's soft power potential to that of the United States, there is a decline in American soft power in recent years, as indicated by polls conducted by the BBC, but U.S. culture still retains worldwide domination. The authoritarian nature of China simply cannot overcome the desire for political freedom and individual liberties. However, while Washington and European soft power efforts focus currently on

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<sup>15</sup> Esther Pan. "China's Soft Power Initiative" Council On Foreign Relations (May 2006).

<sup>16</sup> Andrew Erickson and Lyle Goldstein. "Hoping for the Best, Preparing for the Worst: China's Response to US Hegemony." *The Journal of Strategic Studies* Vol. 29, No.6 (December 2006): 968.

<sup>17</sup> Nye. *Soft Power*, 89.

democracy and good governance, the Chinese have designed their charm offensive to produce tangible results in their trade and energy deals, thus producing a sharp rise in Chinese alliances. Nevertheless, China is far from equaling America's soft power, but it would be unwise to ignore the gains China has made and there are perhaps a few tools they wield that Washington can learn from.

As a response to the Chinese soft power strategy, there is a great deal Washington can do to bolster American soft power globally. To learn exactly how Chinese soft power is exerted Kurlantzick suggests more American government missions in China. He suggests that the U.S. take a page from "its Cold War policy...at least one person in each embassy who studied what the Soviets were doing on the ground in that country; today the United States should have one person in each embassy examining that nation's bilateral relations with China."<sup>18</sup> Furthermore, the creation of a public diplomacy czar would reconsider cuts in core public diplomacy tools like Voice of America, American Centers offering library facilities, and cultural programming in foreign countries. Nye reinforces this by arguing that America's diplomats need to understand the rest of the world better, emphasizing improved language and culture skills. Promoting America's participation in multilateral organizations and its core values, a free and rights-oriented political society to resonate with the people of the world will inevitably allow American soft power to go unchallenged.

Important questions such as: how is Chinese soft power expressed, what is China trying to achieve through its charm offensive, how is Chinese soft power evident in Southeast Asia, Latin America, Africa, and the Middle East, what is the impact of the charm offensive, what are the limits of Chinese soft power, how does the strength of China's soft power compare to that of America's, will be explored. Further, this thesis will illustrate how Washington currently views China's soft power, and explain China's charm offensive in the global information age in an attempt to fill the gap in the

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<sup>18</sup> Kurlantzick. Charm Offensive, 235.

knowledge about China's soft power and increasingly sophisticated diplomacy, which will transform international relations in the coming years for the United States in developing regions of the world such as Southeast Asia, Africa, and Latin America.

## II. CHINESE LEADERSHIP CHANGES

### A. THE CHINESE CENTURY

As Mao Zedong established the People Republic of China on October 1, 1949, he decided not only to create a revolutionary communist society but also to “give active support to the national independence and liberation movements in countries in Asia, Africa, and Latin America.”<sup>19</sup> Prior to this announcement on November 15<sup>th</sup> 1956, China attended the Bandung Conference, a meeting of nascent governments of African and Asian nations in 1955, “promoting itself as a leader within the developing world, a strategy Beijing is reasserting today.”<sup>20</sup> In the past decade China has downplayed its hard power, instead focusing on a strategy to emerge from a shell of defensive diplomacy, engaged the world, wooing friends with a subtle, softer approach to make gains as America’s popularity has plummeted, and become the leader of developing nations around the world and establish the China Century.

Nearly three decades of economic growth has changed China enormously. China’s trade with other nations grew eight times faster than overall world trade, enabling China to build trade surpluses of more than \$100 billion annually. Perhaps China’s most impressive economic accomplishments are the amassing of the large currency reserves and the lifting of 200 million people out of poverty since 1989. Currently, China receives more foreign direct investment than other Asian country, it received more than \$60 billion in 2005. Lastly, estimates indicate that by 2025, China will be the world’s second-largest economy, and if measured using purchasing power parity, it already is.<sup>21</sup> These internal changes form the foundations for China to exert soft power around the world. Specifically, China consists of economic diversity, nationalism, a middle class who is

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<sup>19</sup> Mao Zedong, Opening Address at the Eighth National Congress of the Communist Party of China, 1956.

<sup>20</sup> Kurlantzick, *Charm Offensive*, 13.

<sup>21</sup> Charles W. McMillon. “U.S.-China Trade Data and Analyses: Purchasing Power Parity.” Washington D.C., U.S.-China Economic and Security Review Commission, 2005.

increasingly knowledgeable and educated, and most importantly a more sophisticated leadership who recognizes the need for public diplomacy to protect its vital national interests.

The Chinese economic growth encourages the growth of many other sectors. For example, the growth of its academic system produces a more knowledgeable middle class and the expansion of the travel industry along with access to internet news portals allows the Chinese to discover the world. In 1995, 4.5 million Chinese tourists traveled to foreign countries. In 2005, this figure grew to over 30 million increasing Chinese knowledge of the world and is a testament to the momentum of a growing economy. As a consequence, American educated Chinese are returning to China for greater economic opportunities in a modern developing and promising economy.<sup>22</sup>

The state forges a greater sense of nationalism through powerful growth, technological changes, and academic progress constantly highlighted within state-dominated media. Projects such as the Chinese space program are utilized to rally public opinion around the government, and Beijing has launched mass rallies and rewrote textbooks to illustrate the rise of China. Often the government reminds the public of past foreign power invasions of China and stresses the need for strength to prevent such events from occurring again. “Newspapers like the state-controlled Beijing *People’s Daily* and best-selling books touting China’s strength and questioning the ‘cultural colonialism’ of Western products in China only reinforce the nationalist mindset.”<sup>23</sup> Disastrous events such as the 1999 accidental targeting of the Chinese embassy in Belgrade and the EP-3 incident further fueled the nationalism in the country. They resulted in a call for military retaliation against the United States and boycotts of American products in addition to the battering of the U.S. Embassy in Beijing. More importantly, America was no longer considered a model, but as a competitor and a potential enemy.

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<sup>22</sup> Unattributed. “Outward Bound,” *Economist*, 22 June 2006, 74.

<sup>23</sup> Kurlantzick. *Charm Offensive*, 24.

China's sophisticated leadership, which recognizes the need for public diplomacy and a proactive foreign policy, grew from China's eastern provinces which had benefited the most from economic reforms, foreign direct investment, and international exchanges. In a comprehensive assessment by H. Lyman Miller and Liu Xiaohong of the twenty-four officials of the Politburo at the Fifteenth National Congress in September 1997, six had served in the Party leadership before 1992, and most were at least ten years younger than their predecessors.<sup>24</sup> The younger Party leadership has completed undergraduate and graduate level education, often in Western nations, and recognizes the importance of diplomacy with the United States. Likewise, the younger generation of leadership understands the need for an attractive foreign policy to establish relations and address the within Africa, Latin American, and Southeast Asia.

In addition to the rise in education levels of the senior officials, the midlevel officials are also increasingly educated. "In 1982 only 20 percent of China's provincial leaders had attended college. In 2002, this number was 98 percent...and those under 54, two-thirds hold Masters or PhD degrees."<sup>25</sup> With a growing complexity of the world, the more educated leadership is determined to be a great international player. Compared to the previous leadership which kept any criticism of foreign policy silent, these leaders increasingly support a network of Chinese think tanks such as the Chinese Academy of Social Sciences in Beijing, the China Reform Forum, and the Central Party School. Additionally, the PRC Foreign Ministry created the Bureau of Policy Planning to focus on long-range thinking and develop such strategies as the charm offensive.<sup>26</sup>

Clearly the combination of a growing economy, nationalism, education, and emergence from isolation attracts attention and serves as a model for other developing countries. One may argue that today, the Chinese state reflects the objectives of Chairman Mao at the Bandung Conference in 1955 by positioning itself as a leader and a

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<sup>24</sup> H. Lyman Miller and Liu Xiaohong. "The Foreign Policy Outlook of China's Third Generation Elite," in *The Making of Chinese Foreign and Security Policy in the Age of Reform, 1978-2002*, ed. David Lampton, 123-151 (Stanford, CA: Stanford University Press, 2001).

<sup>25</sup> Joshua Cooper Ramo. *The Beijing Consensus* (London, England: Foreign Policy Center, 2004), 19-20.

<sup>26</sup> Evan S. Medeiros and M. Taylor Fravel. "China's New Diplomacy" *Foreign Affairs* 6 (2003), 22.

promoter of the developing nations in Asia, Africa, and Latin America. Rather than simply reacting to international affairs, China with its growing economy and cultural popularity embraces its position as a rising great power and is creating a global strategy founded on a more sophisticated and powerful foreign policy; the charm offensive.

### III. THE CHARM OFFENSIVE

#### A. GOALS

China's charm offensive includes five global objectives to bolster its soft power which will serve as benchmarks indicating success or failure. However, before looking at the tools which carry out the objectives it is important to understand the reasoning behind the objectives themselves. The **first** of which is Beijing's emphasis on stability in the region and peace with all countries, especially its neighbors, reflected in its Peaceful Rise. With fourteen nations on its border the Peaceful Rise or Peaceful Development of China portrays a benign image. According to Prime Minister Wen Jiabao in a 2004 speech "China's rise will not come at the cost of any other country, will not stand in the way of any other country, nor pose a threat to any other country."<sup>27</sup> The Chinese leadership created Peaceful Rise as it realized its hard power remained relatively weak regionally and globally, and promoting peace, stability, development, and cooperation would serve Beijing well.<sup>28</sup>

In peaceful conditions China's economy is free to continue its growth, reducing the need for domestic and international protests. Gained stability provides an opportunity for prosperity, providing opportunities for Chinese companies to invest and expand overseas. Further opportunity for needed energy resources would be secured through development, and cooperation would allow China to build its own national science and technological capabilities. Most importantly these occurrences will only stem from a China able to portray itself as benign, diminishing fears of China's future military power or concerns of China's economic growth diverting trade and foreign investment from other nations.

Under the Peaceful Development of China plan, Beijing plans to seek enough resources to feed its growing economy; its **second goal**. China will shortly be the world's

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<sup>27</sup> Prime Minister Wen Jiabao cited in Esther Pan. "The Promise and Pitfalls of China's 'Peaceful Rise'" Washington D.C., *Council on Foreign Relations* (April 2006).

<sup>28</sup> Kurlantzick. *Charm Offensive*, 38-39.

largest consumer of oil, and is currently the major market for copper, iron ore, aluminum, platinum, and timber, all requiring more resources and a stable supply source.<sup>29</sup> Adding to the demand for resources, an estimated 300 million Chinese are expected to migrate from the rural population to the urban population by 2020. As an indication of the importance of access to and supply of resources, Premier Wen Jiabao in the spring of 2006 formed an internal government task force focused on the nation's energy needs manned with China's highest officials.<sup>30</sup> China currently does not have a strategic petroleum reserve, and its own domestic oil and gas production continues to decline. In the long-term China seeks to control the entire process of resource extraction, processing, and delivery to China.<sup>31</sup>

Further cooperation with developing nations and improved international relations would ease China's **third goal**: to build a network of allies who share Beijing's concerns regarding external intervention into domestic affairs. Therefore, China is supporting authoritarian governments such as Iran, Burma, Sudan, and Zimbabwe to grow the network of allies. In addition, Chinese leadership wants to reduce the international influence of Taiwan by rewarding countries economically and diplomatically for isolating Taiwan which is China's **fourth goal**. Further, China wants to persuade the nations within Africa and Latin America, those with formal connections to Taiwan, to recognize Beijing formally through diplomatic relations and state that Taiwan is an integral part of China.

China's last and **fifth goal** is to develop into a great power, equal to that of the United States. "Chinese-language journals argue that China must show the globe it has arrived as a great power. 'By the middle of the 21<sup>st</sup> century China will be among the great powers in the world,' noted Xia Liping, professor at the Shanghai Institute of International Studies."<sup>32</sup> As a great power, China may succeed in shifting influence away from the United States, in regions of the world where China's presence is strongest.

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<sup>29</sup> Unattributed. "China Effect Convulses Commodity Markets" *Financial Times*, 15 November 2003.

<sup>30</sup> Kurlantzick. *Charm Offensive*, 40-41.

<sup>31</sup> Peter S. Goodman. "Big Shift in China's Oil Policy" *Washington Post*, 13 July 2005.

<sup>32</sup> Kurlantzick. *Charm Offensive*, 43.

## B. THE “WIN-WIN” STRATEGY

Noting America’s decline in soft power, Beijing adopted the charm offensive strategy to fill the void of Washington’s recent lack of application of soft power throughout the world.<sup>33</sup> China’s hard power is clearly not capable of challenging America’s hard power in any region of the world. Therefore, the strategy to achieve the mentioned five goals is one of public diplomacy and “win-win” relations. The “win-win” strategy seeks to a balance between Latin American, African, Asian, and Arab nations benefiting from relations with China, just as China benefits from its relations with them. President Hu Jintao delivered a major address in 2005 to Asian leaders titled “An Open Mind for Win-Win Cooperation” citing “Dialogue and consultation...is an important avenue to win-win cooperation...China will only promote peace, stability and prosperity.”<sup>34</sup> Essentially, he stated that China would establish diplomatic relations with all nations, listen to the needs and wants of other nations, and in line with their third goal, not interfere or meddle in domestic issues within that nation. The “win-win” strategy affords countries the ability to avoid the onerous economic and political changes demanded by Washington and its Western allies. Without making demands upon other nations’ political, economic, or social issues, China would further its benign image and peaceful development. As Premier Wen Jiabao announced, “We believe that people in different regions in countries...have their right and ability to handle their own issues.”<sup>35</sup>

Beijing has also reversed its disdain for multilateral organizations. China realized it needs to take an active participant role in multilateral organizations offering developing nations exposure to otherwise traditionally recluse Chinese diplomats. Such exposure in a multilateral forum calmed fears of China’s development and assists in portraying Beijing’s benign image. As an active member of multilateral organizations such as the Association of Southeast Asian Nations (ASEAN), the ability to foster interactions between foreign and Chinese officials reduced fears held by developing nations of

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<sup>33</sup> Kurlantzick, *Charm Offensive*, 43.

<sup>34</sup> “Speech by Hu Jintao at the APEC CEO Summit,” Beijing, China, Ministry of Foreign Affairs of the People’s Republic of China release, 19 November 2005.

<sup>35</sup> Unattributed. “Premier Wen Defends African Oil Deals,” *South China Morning Post*, 19 June 2006.

Beijing and offered more time to gain influence through an appropriate forum.<sup>36</sup> By working with multilateral organizations, China is able to illustrate its ability to assume the role of a major power and international player.

Reasserting itself as a leader of developing nations as it proclaimed at the 1955 Bandung Conference, the Chinese Communist Party's 2002 work report indicated "becoming friends and partners with neighbors" of developing nations is a top strategic priority. "In 2002, the Chinese government looked at its foreign policy and ranked relations with the U.S. first, and then relations with neighboring countries second...two years later, China changed the rankings and ranked relations with neighboring countries first."<sup>37</sup> This reflects China's priorities on the developing world.

Not only does China's charm strategy indicate a priority on developing nations, but it also seeks those whose bilateral relationships with other major powers are failing. These nations are often attracted to China's ability to remain uninvolved in the economic, political, and social issues of their country and tend to be fairly autocratic and possess significant energy resources.

### **C. THE CHINA MODEL**

As China succeeds in displaying their benign nature through the "win-win" strategy, it also portrays itself as a potential economic and social model for developing nations. Joshua Cooper Ramo refers to this model as the "Beijing Consensus" in contrast to the "Washington Consensus" of the 1990's, which placed an importance on rapid free-market reforms for economic growth and prosperity. According to Ramo, "Growth comes from the state directing development to some degree, avoiding the kind of chaos that comes from rapid economic opening, and thus allowing a nation to build its economic strength."<sup>38</sup> It is clear through the transformations of China after 1978 and the dual-track

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<sup>36</sup> Kurlantzick, *Charm Offensive*, 44.

<sup>37</sup> Presentation by Ruan Zongze, San Francisco, California, Asia Foundation trilateral dialogue on U.S.-Chinese-Vietnamese relations, October 2005.

<sup>38</sup> Joshua Cooper Ramo. *The Beijing Consensus* (London, England: Foreign Policy Center, 2004), 19-20.

system, that the idea of the Beijing Consensus promotes a model of top-down control of development and poverty reduction, while preventing any real political change and ensuring economic prosperity.

With decades of economic success and poverty reduction under its belt, China's anti-liberal model appears to be attractive especially to authoritarian or semi-authoritarian nations. Under this model, and just as China has, the regime is able to commit to the economic engine as its associated elites remain in power. China has liberalized much of its economy, but the Communist Party still remains in power. A final aspect of the "win-win" strategy is China's generous offerings to even the smallest of countries. China focuses on small nations, providing significant respect, and without notice is able to greatly influence the outcomes of any bilateral agreements. Small nations add up and in an ensuing game of balancing power and influence; they may decide the outcome.

Whether it is the listening aspects in public diplomacy of the "win-win" strategy or the active participation in multilateral organizations or establishing itself as a model for developing nations or supporting nations with failing relationships with other great powers or offering the utmost respect to the smallest of nations, China's charm strategy is certain to woo many countries and gain substantial world influence. With a box of influence tools afforded to it, China will make serious gains in accomplishing its goals through soft power, the power of attraction through culture, values, and public diplomacy.

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## IV. THE CHARM TOOLS

### A. CULTURE AND PUBLIC DIPLOMACY

China's global strategy of strengthening its soft power rests on its culture and public diplomacy which is the **first major component** of the charm offensive. While China's economic growth facilitates the exporting of Chinese culture, language, arts, and ethnicity, these soft power tools are not dependent upon investment and economic worth. Instead China's cultural promotion is an integral part of their public diplomacy. "Public diplomacy, according to one accepted definition, is the cultivation by governments of public opinion in other nations; by cultivating this public opinion abroad, states can more effectively pursue their national interests."<sup>39</sup> Clearly if a country's culture is appealing, citizens of another country will pressure their government to act in the interests of the popular nation; in this case to support the national interests of China.

China's Propaganda Department's title has formally been changed to that of the Publicity Department since the end of the Cold War. According to Rumi Aoyama, the newly titled department seeks five main objectives, "Publicizing China's assertions to the outside world, forming a desirable image of the state, issuing rebuttals to distorted overseas reports about China, improving the international environment surrounding China, and exerting influence on the policy decisions of foreign countries."<sup>40</sup> Recall that China's first goal of their charm offensive is to portray a benign image, and to sell the idea that China will not be a threat to other nations. China's Publicity Department's objectives reinforce this statement and are a step in accomplishing the first goal of the charm offensive.

To best spread the Chinese culture, the new public diplomacy has encouraged cultural exchanges across the developing world. The Chinese state has begun to host events, bringing people of all aspects of an overseas society together to best understand

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<sup>39</sup> Kurlantzick. *Charm Offensive*, 61.

<sup>40</sup> Rumi Aoyama. "Chinese Public Diplomacy in the Multimedia Age: Public Diplomacy and Civil Diplomacy," Tokyo, Japan, Waseda University papers, December 2004.

the inner workings of the two countries. Thailand provides an example of this public diplomatic strategy. China has illustrated its understanding of Thailand by inviting people from different aspects of Thai society to China. People such as artists, academics, and businessmen usually return year after year to foster enduring relationships. Certainly, China needs to export their culture not simply bring other societies to their homeland. Beijing has accomplished this by creating a version of the Peace Corps, known as the China Association of Youth Volunteers. What better way to propagate your culture, than to send young Chinese on long-term volunteer missions around the world, namely Laos, Ethiopia, Burma, and many others to spread the attraction of the Chinese culture.

Furthermore, China's relaxation of immigration restrictions has made it easier for Chinese to leave the country for business and tourism, promoting the Chinese-culture and language by osmosis. As Beijing has relaxed its policies and encouraged outward investment, Chinese businesspeople, students, and workers have left en masse. In Sudan, the number of registered Chinese has tripled since the late 1990's to 24,000. The trade organization of Chinese labor contractors states that "the number of Chinese workers heading abroad is rising by nearly 20 percent per year; some will overstay their visa and never come home."<sup>41</sup> The Hong Kong University of Science and Technology found that one database of Chinese in Africa showed 137,000 Chinese residents in Africa in 2002, a number believed to be out of date and vastly understated. Other sources state that 300,000 Chinese migrants have found their way to South Africa.<sup>42</sup> Other parts of Asia have accepted the largest number of Chinese migrants. Thailand alone has 120,000 Chinese migrants who entered in 2003.<sup>43</sup> These new migrants across world are changing the demographics, and more importantly, increasing China's influence and exposure to the Chinese culture through local markets, businesses, agricultural estates, and every day occurrences.

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<sup>41</sup> Kurlantzick. *Charm Offensive*, 104.

<sup>42</sup> Barry Sautman. "Friends and Interests: China's Distinctive Links with Africa," Working Paper No. 12, Center on China's Transnational Relations, Hong Kong University of Science and Technology, 2006.

<sup>43</sup> David Fullbrook. "Chinese Migrants and the Power of Guanxi," *Asia Times*, 30 July 2004.

Beijing's relaxation of tourism limits has also allowed more Chinese to experience all the world has to offer. According to the World Tourism Organization, 100 million Chinese will be traveling by 2020, making Chinese the obvious leaders in tourism. Just like most Asian tourists, Chinese generally travel in groups and on short tours around the world. However, as China increases its wealth this will change and as such will have more effects around the world. The effects include spending, impressing citizens of host countries with their knowledge, wealth, and sophistication, and seeking more luxury items. Whether this means adding Mandarin speaking staff to businesses such as Alcatraz has, offering Mandarin as one of the eight available languages within their audio tour or understanding that Chinese are beginning to explore the world with the same means as Japanese and South Koreans. Nevertheless, the presence of 100 million Chinese around the world on an annual basis is sure to bring more awareness to the Chinese culture and language.<sup>44</sup>

Not only has Beijing sought to relax their immigration and tourism regulations and send their refined diplomats across the world to advertise Chinese culture, it is also luring foreign students to China. The Ministry of Education has aggressively advertised Chinese universities abroad, created new scholarship programs for students from developing countries, eased visa policies for students, and increased the salaries of Western scholars to teach in China. The Chinese government hands out 2000 scholarships per year for students to attend Beijing University, and one study found that the number of Chinese scholars coming to the mainland rose from seven thousand in 1999 to thirty-five thousand in 2005.<sup>45</sup> The overall effect has significantly upgraded the Chinese university system.

Promoting the Chinese-language and Chinese-culture studies will further contribute to the spread of China's global influence, while enhancing Chinese nationalism. The Chinese government's recent new initiatives to increase the teaching of Chinese includes financial support for the first year of 26 Confucius Institutes in countries such as Kenya, South Korea, Uzbekistan, and Australia with the additional goal

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<sup>44</sup> Brian M. Sobel. "The New, Improved 'Rock' Tour" *The Wall Street Journal*, 28 July 2007.

<sup>45</sup> Unattributed. "International Students Find Beijing 'Home'" *China Daily*, 24 May 2005.

to build 100 Confucius Institutes around the globe within the next five years. Further, another plan allows universities which desire more China studies beyond the Confucius Institute curriculum may request the Chinese Ministry of Education to provide additional resources often including Chinese-language teachers for one and two year rotations.<sup>46</sup> The cultural and diplomat initiatives appear to have been fairly successful in their implementation. The study of Chinese-language and Chinese-culture extends beyond China's borders. For instance the Chinese government sends hundreds of instructors to Cambodian Phnom Penh's Chinese schools. The increase in instructors has raised the level of education in Cambodia where normally public schools charge more than Chinese-language schools. Therefore, Cambodian parents have realized the Chinese-language schools provide a better education, at a lower cost, with less corruption.<sup>47</sup> Similarly, in Indonesia, Argentina, Kenya, and Thailand, China's Ministry of Education sends large groups of language teachers for one and two year rotations. In Thailand, the one thousand Mandarin teachers each year will be trained and educated by the Chinese government and offer other Chinese language resources.<sup>48</sup>

China also expanded its media internationally. The Chinese source Xinhua was upgraded through the expansion of its international coverage and often Western image, the *People's Daily* newspaper has new overseas editions, and the Ministry of Foreign Affairs has expanded and made the appeal of CCTV, Chinese state television, more sophisticated. Further China Radio International has increased its broadcasting in English to 24 hours a day.<sup>49</sup> The modernization of the China media system is an effort to spread the Chinese culture and perspective in an ever increasing connected world in the information age.

Beyond the more formal cultural exchanges, Beijing seeks to build a grassroots network of informal summits, either in China or other developing nations. Through these

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<sup>46</sup> Joseph S. Nye Jr. "The Rise of China's Soft Power" *The Asian Wall Street Journal*, 29 December 2005.

<sup>47</sup> Kurlantzick. *Charm Offensive*, 68-69.

<sup>48</sup> Kurlantzick, *Charm Offensive*, 69.

<sup>49</sup> Joseph S. Nye Jr. "The Rise of China's Soft Power" *The Asian Wall Street Journal*, 29 December 2005.

meeting with opinion leaders, China is able to advertise its role as a potential partner for investment, trade, and also as a developmental model of economic and social success. Such small summits have been promoted by the Chinese government, making Beijing the center for international Chinese-language media and studies associations. Larger informal summits have included the China-Caribbean Economic and Trade Cooperation Forum, attended by nearly one thousand officials from China and the Caribbean, as an informal summit. Others include the Boao Forum for Asia and the ASEAN-China Eminent Persons Group, both of which have enabled China to further their initial goal of portraying itself as a benign growing power, while further expanding the Chinese culture through public diplomatic means.<sup>50</sup>

Recently, the Chinese government has looked to ethnic Chinese abroad as not only sources of investment and technology, but also as a means to further expand China's soft power. Chinese abroad have increased and fostered relations between China and the developing world. In 2001, members of Beijing's Overseas Chinese Affairs Office visited more than twenty countries, specifically meeting with leaders of ethnic Chinese communities, inspiring their return to China as visitors and as local ambassadors within their developing nation.<sup>51</sup> Often the state implements this strategy by wooing the senior members of the ethnic Chinese community. In many cases Beijing deliberately targets the senior members of Chinese chambers of commerce to remove pro-Taiwan members and establish closer ties to Beijing. Wooing Chinese abroad is in line with the charm offensive's third goal of reducing the influence capability of Taiwan.

China's efforts to entice Chinese-born scholars working in the West and Chinese scholars appear to be working as well. The Finance Ministry has encouraged Chinese universities to use up to 20 percent of their government funding to repatriate Chinese scholars from abroad. Students in neighboring nations such as Cambodia who do well in China-backed primary schools can often continue their studies in Chinese middle schools and beyond. Throughout this effort China has reportedly opened five hundred of its primary and middle schools to young foreign Chinese scholars. Similarly in Laos, the

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<sup>50</sup> Kurlantzick, *Charm Offensive*, 64-65.

<sup>51</sup> Kurlantzick, *Charm Offensive*, 77.

Chinese government grants 230 scholarships each year for students to attend Chinese universities. Further education incentives have caused a rise in Chinese returning from Hong Kong where seven thousand returned in 1999, but thirty five thousand returned in 2005. Perhaps the most significant indicator in China's support for continued and higher learning standards is the achievement of one of its university MBA programs, named in the top twenty-five by the *Financial Times* ranking of the world's finest business schools.<sup>52</sup>

China's recruitment of ethnic Chinese support abroad is influential, especially in Panama. A population of 200,000 ethnic Chinese relies upon Chinese-language schools which recognize Taiwan as a sovereign nation. Since Panamanian schools are supported by Taiwan to the tune of \$200 million annually, China has reached out to the ethnic Chinese. Beijing has lured opinion leaders to China for higher education, sent cultural entertainment groups to Panama, and holds celebrations in Panama, all in hopes to turn the hard objective of isolating Taiwan into a reality.<sup>53</sup>

Perhaps the most significant advancement China has made in its culture and public diplomacy tools is the time and investment devoted to an international diplomatic corps. Within the last fifteen years the Ministry of Foreign Affairs has raised a new generation of diplomats who speak better English and local languages, are younger, and more aware of the world. Shockingly one study suggests that half of the four thousand diplomats are less than thirty-five years old and are well educated in language and politics.<sup>54</sup> Further, Beijing has sent 110 young Chinese officials to universities across Mexico to learn Spanish and gain a better understanding of their culture and way of life in order to better train the diplomats in the Western Hemisphere, and specifically Latin America. Building a better diplomatic corps has inherently improved the quality of relations between Latin America and China, and is fostered by Chinese diplomats who are trained and focus in one region for their entire career. For example, Jiang Yuande,

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<sup>52</sup> Unattributed. "Global MBA Rankings 2006," *Financial Times*, 12 November 2006.

<sup>53</sup> Vanessa Hua. "Playing the Panama Card: The China-Taiwan Connection" *San Francisco Chronicle*, 23 June 2002.

<sup>54</sup> Kurlantzick. *Charm Offensive*, 65.

China's ambassador to Brazil who before accepting his position had spent the past thirty years in Portuguese-speaking nations, studying the culture, traditions, and history of each. Su Jian the ambassador to East Timor also served in four Portuguese-speaking postings including Angola and Guinea-Bissau before his current assignment.<sup>55</sup>

The Chinese Ministry of Foreign Affairs often mandates overseas assignments, encouraging envoys to focus on one country or region. In such neighboring countries as Cambodia or Thailand, Chinese diplomats have usually complete three or four rotations establishing extensive contacts in the local businesses, political communities, and refining language skills before ever being considered as ambassadors. Further diplomat development includes Beijing's support for its public diplomacy through constant visits by senior Chinese officials to developing nations. Philip Saunders found that in 2002 China's president and premier spent more than four times as many days abroad as in 1993 and senior Chinese officials in general have made at least twice as many visits to Thailand and Cambodia than any other great power.<sup>56</sup> Certainly, China's proximity to its fourteen neighboring nations limits the difficulties of traveling on short notice. However, the constant travel by senior cabinet-level officials reaps rewards for Beijing. Sending a top level official to even the smallest of summits illustrates Beijing's respect for developing nations and their willingness to simply listen, furthering their image as a benign power and a model of social and economic success.

## **B. CHINA'S GOVERNMENT-FUNDED PROGRAMS**

China's government-funded programs within its public diplomacy are intended to influence public opinion abroad. Whereas, the United States depends upon bilateral funding, USAID, non-government organizations, or not-for-profit organizations to push aid, capital, and goods, Beijing controls nearly every aspect of this economic driver

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<sup>55</sup> Seth Mydans. "China's 'soft power' winning allies in Asia" *International Herald Tribune*, 11 July 2007.

<sup>56</sup> Philip Saunders. *China's Global Activism: Strategy, Drivers, and Tools* (Washington D.C.: National Defense University Press, 2006).

within public diplomacy. The appeal of China's economic model, its trade, investment, and aid compliment the soft power culture tools, and act as the **second major component** of the charm offensive.

In the last ten years, Beijing's use of aid, trade, investment, and the attractiveness of China's economic model, emphasizing state control, is a very influential aspect of the "win-win" strategy. Just as with the cultural aspect of China's charm offensive, Beijing must portray its economic growth as benign and illustrate how the globe will benefit from China's consumer power. Not only does China attract foreign firms to sell to the world's biggest market, but also encourages its labor market, its most abundant resource to be used efficiently by foreign firms. China attracts the largest sum of foreign direct investment of any nation, more than \$500 billion since 1979, and Wal-Mart alone has an inventory of at least \$18 billion in China.<sup>57</sup> As China continues to grow it will consume and produce a great portion of other nation's goods, therefore creating a "win-win" economic model, which is central to China's peaceful rise and development argument. Increased economic cooperation with developing nations was promulgated in 2004 as the Chinese government organized the internal conference "Economic Diplomacy Toward Developing Countries."<sup>58</sup>

Beijing promotes the idea that China during its peaceful rise and development as a global power will eventually outwardly invest. A great deal of China's appeal to the developing nations it associates with rests on portraying China's potential as an investor. The Chinese government encourages firms to invest in strategic industries and select countries found in China's economic Five Year Plan for 2001-2005 in which Beijing created the "Go Out" or "Go Global" campaign.<sup>59</sup> The "Go Out" campaign is an important policy of the Chinese government and the backbone of its charm offensive. Chinese high level official visits provide enormous trade, investment, and tourism targets

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<sup>57</sup> Unattributed. "Wal-Mart's China Inventory to Hit US \$18 Billion This Year," *China Business Weekly*, 29 November 2004.

<sup>58</sup> Philip Saunders. *China's Global Activism: Strategy, Drivers, and Tools* (Washington, D.C.: National Defense University Press, 2006).

<sup>59</sup> Philip Saunders. *China's Global Activism: Strategy, Drivers, and Tools* (Washington, D.C.: National Defense University Press, 2006).

that reach out five to ten years. In 2004, President Hu Jintao visited Latin America pledging \$100 billion of investment in Argentina and Brazil, gaining great media attention and bringing hope to a region which has seen a decline in foreign direct investment, mainly caused by China's cheap labor market.

In Africa, Chinese officials point to the nine hundred Chinese companies investing in the region and have created a \$5 billion fund to encourage Chinese firms to invest in Africa. The Great Wall Motor Company is one of the nine hundred Chinese companies investing in Africa. Though it is a state-owned company it has established itself as a young car company aggressively investing in Africa. Africa is too poor to be a big market for the world's major automobile brands, but the developing market offers benchmarks of the progress Great Wall's Chery Automobile Company makes toward challenging European, Japanese, Korean, and American auto makers. No longer is Europe able to easily export its used cars to Africa, when consumers can now buy new for less. Great Wall has set up 20 dealerships since the beginning of 2007 in South Africa and has entered the emerging market of Senegal, contributing to the 18-fold increase to \$7.9 million from \$434,000 worth of Chinese car exports since 2003. The Senegalese government has assisted by prohibiting the import of vehicles over five years old, cutting off the supply of truly cheap second-hand cars, setting the example for other African countries and improving the market for low-cost new cars. In the meantime, as European and American manufacturers consider producing low-cost models, the Africans will continue to buy Chinese. Interestingly, the vehicles are very popular though "the emissions standards are not particularly high there. The requirement for safety is also not high."<sup>60</sup>

In Southeast Asia, China announced to Indonesia that PRC investment could triple within five years to \$20 billion. The Northrail project, an ambitious undertaking to build a railway from Caloocan to Malolos on the central Philippine island of Luzon, is also an example of the Chinese government aggressively pushing its aid, capital, and goods. After initially signing a contract with a Spanish firm to build Northrail, the

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<sup>60</sup> John W. Miller. "Africa's New Car Dealer: China" *The Wall Street Journal*, 28 August 2007.

Philippine government backed out and agreed to use Chinese-government sponsored firms. The Chinese offered their services at a price of \$400 million in assistance and an additional \$500 million. China, through recent years of diplomat visits and cultural understanding, knew what local politicians wanted and were able to offer the deal with a 30 percent up-front payment as enticement.<sup>61</sup> Further, when President Hu Jintao and Philippine President Arroyo met in 2005, he promised more than \$1.6 billion in new Chinese investment and aid to Manila. Such an amount of Chinese aid via the Northrail project and promised aid placed Beijing in the same league as Japan and the United States in economic relations with the Philippines, illustrating how quickly the Chinese have developed their tools of business beyond its culture and public diplomacy. Beijing has begun to use aid, trade, investment and economic model, growth with state control, to engage with other nations.

As simply an extension of the Chinese government, through government controlled banks, top Chinese companies are offered further encouragement through low-cost loans and subsidies to invest globally. As reported by the consulting group Accenture, the Chinese Development Bank provided the Chinese telecommunications company Huawei with a \$10 billion low-cost loan to assist with international objectives.<sup>62</sup> The same report also noted that China seeks not to be simply an export-driven economy, but they also seek to encourage outward investment to build political and economic influence around the world. Since many Chinese companies grew out of China, they are particularly understanding of the quirks within the emerging markets of developing nations, working in a lawless climate, and therefore more suited to invest in countries with little rule of law and serve as a leader for developing nations around the world.

Not only does financial encouragement take place at the highest levels of the Chinese government, but also at the provincial level. Provincial governments have implemented complimentary programs that encourage Chinese companies to invest and

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<sup>61</sup> Philip Saunders. *China's Global Activism: Strategy, Drivers, and Tools* (Washington D.C.: National Defense University Press, 2006).

expand into neighboring countries such as Laos. The provincial outward investment is similar to the national initiative, through soft loans provided by government owned banks designed to encourage the companies to invest in neighbors and to promote programs for officials in countries like Pakistan on how to attract Chinese investment. Further, outward investment gains momentum through the collaboration of Chinese business delegations accompanying Chinese leadership to meet with developing nations, affording the business leaders to execute deals immediately and without the interruption of Chinese legislation. Such an outward investment strategy clearly has a dual purpose of forging China's political and social capital and soft power around the world.

In particular, Beijing strongly encourages Chinese companies in the energy industry to invest abroad. The encouragement for energy industries to invest abroad is driven to satisfy the second goal of the charm offensive: to secure enough resources to feed China's growing economy. The energy companies more so than other sectors, remain state dominated and therefore have a significant degree of Chinese government oversight from the National Development and Reform Commission.<sup>63</sup> Within the past five years, Chinese firms operated by the government have bought an estimated \$15 billion of oil and gas deposits and associated industries, usually paying above market price. In Venezuela, China National Petroleum Corporation (CNPC) has established a cooperation agreement with Petroleos de Venezuela, investing nearly \$2 billion. In Peru, the CNPC has bought a power determining majority of Pluspetrol. In Sudan, Chinese firms have invested nearly \$4 billion. In Nigeria, the Chinese state-owned CNOOC purchased \$2.3 billion in oil and gas fields found in the Niger Delta. In Iran the story is the same, and continues in Central Asia as in 2005 CNPC purchased PetroKazakhstan,

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<sup>62</sup> Unattributed. "China Spreads Its Wings: Chinese Companies Go Global," Washington D.C., Accenture report 2005.

<sup>63</sup> David Winning. "Tiny Transmeridian Attracts China's Energy Firms" *The Wall Street Journal*, 15 August 2007.

one of the largest oil companies in the region.<sup>64</sup> Clearly, these efforts to build a strategic reserve are to ensure the Chinese economy is afforded the ability to continue to grow uninterrupted.

Just as Beijing encourages certain industries, it also encourages investment in strategic countries, such as those on China's borders and in regions with ample resources. Its economic Five Year Plan for 2001-2005 focuses on three strategic areas of the developing world: Latin America, North Africa, and Central Asia, all of which contain ample oil and gas to quench the thirst of the Chinese economy. Beijing additionally, pushes Chinese firms to invest in its neighbors such as Cambodia, Burma, Laos, Thailand, Kazakhstan, Pakistan, Vietnam, and even Russia. Fittingly, China is the largest source of aid and investment into Cambodia, Burma, Laos, Russia, and Kazakhstan. Investment in China's neighboring countries is part of the "string of pearls" strategy that calls for infrastructure along the oil-shipment sea lanes from China's coast to the Middle East. The "string" includes the Chinese financed seaport under construction in Gwadar, Pakistan, and increased diplomatic and commercial ties with Bangladesh, Burma, Cambodia, Thailand, and islands in the South China Sea.<sup>65</sup> In 2005, China's outward investment rose nearly 1,000 percent and at this pace China will be the largest investor in developing nations within the next ten years, reflecting Beijing's new good neighbor policy and eagerness to be the leader of the developing world.<sup>66</sup>

Within developing nations, the Chinese state-owned companies' willingness to share technology, scientific advancements, and training techniques is a reflection of Chinese firms and their comfort level with operating in an unregulated economy as the one they were created in. With developing world experience, Chinese firms may be well suited for Africa, Latin America, and Southeast Asian emerging markets. Additionally, China's increasing consumption offers the nations of Asia, Latin America, Africa, and other developing regions an opportunity to take advantage of China's growing demand

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<sup>64</sup> David Winning. "Tiny Transmeridian Attracts China's Energy Firms" *The Wall Street Journal*, 15 August 2007.

<sup>65</sup> Bill Gertz. "U.S. sees Taiwan crisis in 2 years" *The Washington Times*, 4-10 July 2005.

<sup>66</sup> Kurlantzick. *Charm Offensive*, 92.

for resources, industrial components, and other goods to assist in their rapidly growing economy. By the end of 2007 Southeast Asia's trade with China is expected to outgrow its trade with the United States or Japan. In 2005, the region's economy excluding Japan was larger than the economy of Japan, illustrating China's growing importance and potential to benefit all the developing nations in Southeast Asia.<sup>67</sup> In turn China benefits from the goodwill that it accrues from its position as the economic engine lifting millions of people's standard of living. Since 1992, South Korea has also experienced a rapid growth in trade with China. China has passed the United States as South Korea's largest export market as hundreds of thousands of South Korean businesspeople visit China for trade. The phrase "China Fever" originated from a South Korean interest in all things Chinese.<sup>68</sup>

Beyond Asia, Chinese trade with Africa grew by 250 percent between 2001 and 2005 becoming the third largest trading partner for the continent. The Latin American trade with China has also grown to more than \$40 billion annually as "Mines across Latin America report that they are working twenty-four hours per day just to keep up with Chinese demand for commodities."<sup>69</sup> China's trade with Iran grew to \$10 billion annually in 2006, and in the first six months of 2007 surged 70% from last year. Similarly in Central Asia, trade with Uzbekistan has grown by 1,000 percent in the most recent five years.<sup>70</sup> Beijing assumes the position of the second largest trading partner in the world. The United States will remain the largest in the decade to come.

China's assertion as a benign rising power that offers fair trade recognizes that many developing nations suffered due to colonialism and imperialism. These bilateral trade agreements are government sponsored and therefore fall into the category of public diplomacy, an important institution of soft power. In 2001, Chinese officials suggested a free trade zone between China and ten Southeast Asian nations. The Chinese-Southeast

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<sup>67</sup> Unattributed. "Asia Outgrows Japanese Economy," *Reuters*, 29 December 2005.

<sup>68</sup> James Brooke. "China 'Looming Large' in South Korea as Biggest Player, Replacing the U.S.," *New York Times*, 3 January 2003.

<sup>69</sup> Kurlantzick. *Charm Offensive*, 94.

<sup>70</sup> Neil King Jr. "China-Iran Trade Surge Vexes U.S." *The Wall Street Journal*, 27 July 2007.

Asian agreement created the largest trade area in the world. China also started negotiating liberal trade agreements with sixteen other countries from Chile to New Zealand. Beijing accomplished such trade deals with Pakistan in 2006 and seeks to negotiate similar free trade deals with African nations.<sup>71</sup> Beijing's new strategy of establishing bilateral trade agreements and free trade zones without any conditions on trade partners, environmental issues, or labor rights, plays very well in many developing authoritarian nations. It also is a step towards China's third goal of establishing a network of countries who share Beijing's concerns of nations intervening in other's affairs.

In addition to making investments and offering favorable trade agreements, substantial aid programs are also a part of China's new charm offensive. China usually determines its aid through informal meetings involving its ambassadors rather than formal declarations of aid. Therefore, rather than assuming that China's aid is intended for purely economic development, its aid comes in the form of soft loans provided by Chinese banks or military equipment. Already, China's Export-Import Bank is the largest source of loans to Africa, surpassing the loans provided by the World Bank."<sup>72</sup> The Export-Import Bank of China is linked to the central government through such examples as the Huawei Company, and the presence of Export-Import Bank representatives during Chinese official delegations. Regardless, China's aid reached over \$1.5 billion in 2004. Chinese aid to the Philippine's government was four times as large as that provided by the United States, three times U.S. aid in Laos, and twice as large in Indonesia. Chinese aid in Burma and Cambodia reflect the same story, and in Central Asia Beijing's recent \$600 million aid package to Uzbekistan places it near Russia, Japan, and the United States.<sup>73</sup> In Latin America, Beijing's aid was close to \$700 million in 2004 and more

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<sup>71</sup> Unattributed. "China Winning Resources and Loyalties of Africa" *Financial Times*, 28 February 2006.

<sup>72</sup> Kurlantzick. *Charm Offensive*, 97.

<sup>73</sup> Henry Yep. *China's Foreign Aid to Asia: Promoting a 'Win-Win' Environment* (Washington D.C.: National Defense University, 2006).

significantly in Africa it reached \$2.7 billion. Not forgetting that small nations also matter, Prime Minister Wen Jiabao provided \$375 million in aid to tiny island nations in the remote Pacific.<sup>74</sup>

China's status as a developing nation could result in promised aid that never arrives, yet Beijing earns considerable goodwill and positive media coverage through its offers and high-profile projects. The \$95 million in assistance provided by China after the Asian tsunami in 2004, while small in comparison to the \$1 billion provided by Japan and the United States, received far greater media coverage in Asia. Chinese scholars commonly refer to such events as the "maxi-mini" strategy of getting the maximum return from the minimum outlay.<sup>75</sup> Other examples of China's goodwill from the smallest of aid donations include high-profile projects such as a new parliament building in Cambodia, the Ministry of Foreign Affairs building in Maputo, Mozambique, Laos' capital's streets, and hospitals in Luang Prabang, Laos. Countries are accustomed to receiving aid from Japan and the United States, yet China is a new donor that illustrates its position as a growing benign power with peaceful development in mind.

An important example of the effects of China's aid is its growing soft power in Maputo, Mozambique, the former Portuguese colony. Beijing provided the aid, construction, and labor for an investment and trade-promotion center, offered debt reduction, and promised economic assistance of \$2 billion to assist in rebuilding Mozambique's power infrastructure. Such aid also helps Chinese companies. Often the development of high-profile projects is delegated to Chinese firms that rely upon low-interest loans from Chinese banks and recruit cheap Chinese labor. Maputo also illustrates how Chinese aid has increased in sophistication to provide assistance in debt reduction, economic assistance, and training programs for professionals. In fact, the Chinese Ministry of Commerce currently trains three thousand professionals from developing nations each year and seeks to train ten thousand African professionals

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<sup>74</sup> Unattributed. "China Offers New Aid to Pacific Island Countries" *Agence France-Presse*, 5 April 2006.

<sup>75</sup> Kurlantzick. *Charm Offensive*, 99.

annually.<sup>76</sup> China is closely linking its charm offensive with its strategy to mitigate concerns of its economic rise, gather resources for its economy, increase its influence in parts of the world where major powers appear to be losing influence, and cultivate enduring relationships with other developing nations.

China often also uses aid to build relations with opinion leaders from the developing world. Potential heads of state like Cuba's Raul Castro and young Vietnamese and Thai officials are invited to China for conferences, trips to study China's economic model, speak with the Communist Party, and often such trips are funded by the Chinese government. Such procedures are especially successful in Southeast Asia where the Communist Party has established official relations with thirty-nine political parties alone.<sup>77</sup> Specifically in Cambodia, Chinese aid is funding the construction of a new prime minister's office and the Beijing Diplomacy Institute, training Cambodian officials from the ministries of tourism, foreign affairs, industry, and agriculture, and providing support to the ruling party.<sup>78</sup>

China's growth of its investment, trade, and aid sectors has considerably increased its attraction over the past three decades. Enticing developing world leaders while reinforcing its peaceful rise to power enables the developing world to view the Chinese model favorably in the 21<sup>st</sup> century. The "win-win" strategy of the charm offensive brings all the elements of soft power together; Chinese-culture, Chinese-language, state-controlled media, exchange programs, ethnic Chinese, public diplomacy, government funded aid programs, investment, and free trade to achieve the five goals of the charm offensive. China's soft power strategy appears to breed success. Aspects of this strategy are examined in the next chapter.

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<sup>76</sup> Loro Horta and Ian Storey. "China's Portuguese Connection," *Yale Global*, August 2006.

<sup>77</sup> Sheng Lijun and Jiang Shuxian. "The Communist Party of China and Political Parties of Southeast Asia" *Trends in Southeast Asia* 14 (2005).

<sup>78</sup> Sheng Lijun and Jiang Shuxian. "The Communist Party of China and Political Parties of Southeast Asia" *Trends in Southeast Asia* 14 (2005).

## **V. MEASURING SUCCESS**

### **A. EXPLICIT INDICATORS OF SUCCESS**

Since China's charm offensive strategy is relatively recent, it is difficult to measure its success. Questions such as is the charm offensive working consistently around the globe arise. Is Beijing becoming more attractive, more persuasive, and more appealing? Have other nations accepted the benign image and economic development of China? Nevertheless, results of opinion studies, interest in Chinese culture and language, respect for Chinese diplomats, and the treatment of foreign ethnic Chinese are obvious starting points for researching these questions.

In 2005 the U.S. Embassy in Bangkok commissioned a study to measure Thai perceptions of other nations. The results of this poll indicated that eighty three percent of Thais, perceived China as a non-threat, an influential external nation, and as a strong economic partner. In comparison the same study in 1998 found only twelve percent of Thais had a favorable opinion of China.<sup>79</sup> Other polls and opinion surveys agree with these results. In 2005, a BBC poll of twenty-two nations from around the globe, which included developing nations, found that forty eight percent thought China's role in the world was positive. Only thirty percent viewed China's role as negative. In a follow-up poll by the BBC, China was viewed as more important than the United States in Indonesia, Nigeria, Kenya, and a majority of Latin America.<sup>80</sup> With its growing economic power, which could threaten or dominate neighbors or partner developing nations, China is successful in portraying its benign image. Its neighbors and other developing nations simply cannot ignore China's powerful economy and growing influence.

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<sup>79</sup> Department of State, Office of Research, "U.S. Image Positive in Urban Thailand, Bolstered by a Sense of Shared Security Interests: But Public Sees U.S. Becoming Less Important as an Economic Partner in 5-10 year" August 2005.

<sup>80</sup> "22 Nation Poll Shows China Viewed Positively by Most Countries Including its Asian Neighbors" BBC, November 2005. "33 Nation Poll on Views of Countries" BBC, February 2006.

China's appeal is reflected in the success of Chinese-language and cultural studies in the developing world. Chinese is vital to maintaining relations and building enduring relationships in developing nations. In Argentina, the number of students studying Mandarin at the University of Buenos Aires has tripled and enrolled more than a thousand students in the first two years of availability. The *Sin Chew Daily*, the largest Chinese-language newspaper grew in subscriptions from 845,000 in 1999 to 1.1 million in 2004, despite a decline in global newspaper reading. The Thai government's new educational programs encourage every public school to teach Mandarin, and Laos' main Chinese-language school has more than doubled its enrollment in the past five years. Surprisingly, Indonesia has reported a shortage of 100,000 Chinese-language instructors and Cambodia's elementary school system has enrolled more than 10,000 students in Mandarin.<sup>81</sup>

The appeal of China's language and culture has extended to its developed neighbors such as South Korea. Since China is South Korea's largest trading partner, a growing number of Koreans visit China and have returned to establish Chinese-language schools in Seoul. An estimated 160,000 South Korean students study Chinese, which reflects a sixty percent rise in the past five years.<sup>82</sup> The demand for Chinese language has challenged English as the second language of choice in South Korea. Most importantly, the education exchanges have grown tremendously. South Korea sends 13,000 students each year to study in China, which is equal to the total number of Koreans who studied in the United States between 1953 and 1975.<sup>83</sup>

Studying in China is quite attractive to students due to the availability of Chinese government scholarships. Such programs attractiveness allows Chinese universities to compete with Western schools, attracting some Western PhDs to serve as visiting professors. Between 2002 and 2004, Cambodian students in China increased by 20 percent, Indonesian students increased by nearly 50 percent, as did the Vietnamese

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<sup>81</sup> Kurlantzick. *Charm Offensive*, 116.

<sup>82</sup> James Brooke. "China Looming Large in South Korea as Biggest Player, Replacing the US" *New York Times*, 3 January 2005.

<sup>83</sup> James Brooke. "China Looming Large in South Korea as Biggest Player, Replacing the US" *New York Times*, 3 January 2005.

students who increased by 90 percent. Overall, the number of Southeast Asian students doubled in the two year span joining 1,600 African students at Chinese universities.<sup>84</sup> The Chinese Ministry of Education estimates that Chinese universities will enroll more than 120,000 foreign students by next year. Granted a few do come from government sponsored missions including the Singaporean government which has made an effort to develop a cadre of diplomats with ties to China just as it has with the United States. Illustrating its global reach, China educated 1,500 people from 107 nations, primarily government officials, in public management and technology in 2003. The China Foreign Affairs University, Beijing's diplomatic school, will triple enrollment from 2,500 to 7,500 by 2008.<sup>85</sup> Overall, it is evident that the appeal of China's language and culture has enticed thousands to flock to China for education and exchange programs.

The desire for learning the Chinese language has increased the interest in Chinese culture. As Hu Jintao announced in 2003 "Chinese culture belongs not only to the Chinese but also to the whole world."<sup>86</sup> Global magazines portray the glamorous Chinese lifestyle of ethnic Chinese in Bangkok, Chinese pop stars, artists, and even businessmen. In fact, despite Chinese government's limits on artistic freedoms, China has developed a thriving art scene in Dashanzi and is the world's second largest exporter of visual arts, according to the United Nations Educational, Scientific, and Cultural Organization. A painting by the Chinese artist Zhang Xiaogang recently sold at a Sotheby's auction for nearly \$1 million.<sup>87</sup>

China's culture has also entered the fashion scene as popular shoes are made in China. Chinese shoe companies Li Ning and Belle International have watched their shares grow as much as 25%, and the Chinese sneaker brand Anta Sports Products soared 42% on its opening day of trading in July of 2007. Investors want a foot in the door of

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<sup>84</sup> Andrew Erickson and Lyle Goldstein. "Hoping for the Best, Preparing for the Worst: China's Response to US Hegemony." *The Journal of Strategic Studies* Vol. 29, No.6 (December 2006): 962.

<sup>85</sup> Andrew Erickson and Lyle Goldstein. "Hoping for the Best, Preparing for the Worst: China's Response to US Hegemony." *The Journal of Strategic Studies* Vol. 29, No.6 (December 2006): 962.

<sup>86</sup> "Constantly Increasing Common Ground" Hu Jintao to the Australian Parliament, 24 October 2003.

<sup>87</sup> Carol Vogel. "Sotheby's Bets on a Windfall for Today's Chinese Art" *New York Times*, 29 March 2006.

China's \$800 billion retail economy, which is expected to make a significant contribution to worldwide net retail sales growth by the end of next year. Investors are currently seeking exposure into China's retail and cultural markets. Among those wooed by the Chinese style is National Basketball Association's Houston Rockets, Leslie Alexander, a successful stock trader who subscribed to 8% of Anta Sports Products' shares.<sup>88</sup> China's brand and style is important to urbanized Chinese and young people around the world, which has spread not only by word of mouth but also through the attraction of even the simplest of Chinese products, shoes.

China's culture has also permeated the literary scene. In Vietnam, the Ministry of Culture's Publishing Department indicated half of all the foreign books translated in the country are by Chinese writers like Gao Xingjian who won China's first Nobel Prize for Literature in 2000.<sup>89</sup> Even Chinese-language television, music, and film are appealing to more developing nations. The Philippines hosts its own Chinese film festival and even Hollywood studios are beginning to search for opportunities in China. Hollywood producers Bob Weinstein and Harvey Weinstein (founders of Miramax) launched a \$285 million movie fund that will invest in Asian-themed projects. One of the projects will be an action film about the Chinese folk heroine Hua Mulan and another, "The Forbidden Kingdom" is currently filming in China. Weinstein Company hopes to take advantage of not only lower costs by shooting in China, but produce movies that appeal to Chinese and Western markets.<sup>90</sup> Clearly the owners of Miramax films hope to spread China's culture and market its attraction. Additionally, at the Venice International Film Festival in 2006, "Still Life" won the Golden Lion for best film and even other Chinese movies such as "Crouching Tiger Hidden Dragon" became the highest grossing non-English film.<sup>91</sup> Clearly, China's television, singers, musicians, artists, and actors have assisted in spreading China's culture globally.

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<sup>88</sup> Geoffrey A. Fowler. "Made in China: Jump in Shares of Shoemakers" *The Wall Street Journal*, 20 July 2007.

<sup>89</sup> Joseph S. Nye Jr. "The Rise of China's Soft Power" *The Asian Wall Street Journal*, 29 December 2005.

<sup>90</sup> "Weinsteins Plan Asian Projects" *The Wall Street Journal*, 9 August 2007.

<sup>91</sup> Unattributed. "Chinese Movie Wins Top Prize in Venice" *Associated Press, The Wall Street Journal*, 11 September 2006.

Surprisingly in developing nations, print and broadcast media ignore any concerns of China's growing economic power, influence, human rights abuses, and poor quality control. Also developed nation's media and print ignore concerns about China, like Google tailoring the content of their sites to please Beijing.<sup>92</sup> The decidedly more positive media coverage of China reflects China's control of foreign news outlets, which limits coverage of the state-controlled media Xinjiang and other problems in China. It is also an indication of more important stories grabbing headlines and may reflect the success of Chinese diplomats in other countries to persuade local media sources or outlets from publicizing stories which reflect poorly on Beijing. China's ability to influence the global media is an indication of Beijing's growing soft power.

Nevertheless, elites in most developing nations have embraced China as their leader, convinced by their new strategy. They see opportunities for their own nations, people, economy, businesses and political parties. Chinese diplomats and businesspeople are welcomed just like those from America, Europe and Japan. Whether it is a state banquet or upgrading bilateral trade ties, the access granted to the Chinese diplomats by developing nations reflect the level of efforts undertaken by Beijing. The Chinese diplomats' knowledge of the local language, culture, traditions, and experience to the point of being mistaken as a local, illustrates the training, dedication, and importance of Beijing's objectives to show itself as a benign economic partner with only the best intentions in a "win-win" strategy.

Beijing has consistently reached out to foreign ethnic Chinese to improve ties with other nations within the developing world. Chinese Indonesians have seen a reduction in discrimination and are more integrated into Indonesian society, celebrating the Chinese New Year, visiting China for vacations, assisting ethnic Chinese victims of the December 2004 tsunami, and running for regional legislatures. The warming relations with Beijing are diametrically opposed to Beijing's decision in 1998 to not intervene in the Indonesia riots in which Muslim leaders targeted the country's Chinese minority blaming them for the country's financial crisis. However, perhaps the non-responsive

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<sup>92</sup> Clive Thompson. "Google's China Problem (and China's Google Problem)" *New York Times Magazine*, 23 April 2006.

Beijing was simply part of the charm offensive to assure its neighbors that it would not interfere in another country's affairs. Apparently, given the successes of the ethnic Chinese today in Indonesia the strategy was successful as Indonesian leaders understand Beijing to be noninterventionist.<sup>93</sup>

Warming relations between Beijing and foreign ethnic Chinese is successful elsewhere as well. The former Prime Minister Thaksin Shinawatra of Thailand paid a visit to Guangdong province in 2001, the homeland of his ancestors emphasizing his ethnic Chinese background and therefore his ability to strengthen relations between Bangkok and Beijing. The efforts were successful in forging a Thailand-China strategic partnership responsible for the Sirindhorn Center, a new Chinese-language and cultural facility at the Mae Fah Luang University in northern Thailand, followed by an agreement to increase bilateral trade to \$50 billion by 2010.<sup>94</sup> Thai politicians and businesspeople alike continue to associate with their Chinese heritage because of China's increasing power. As a result, China is now viewed as Thailand's close friend, facilitated by China's diplomatic corps, aid, investment, language, culture, and ethnic Chinese in Thailand.

Another explicit example of China's charm offensive in Southeast Asia includes the budding relationship between Beijing and East Timor. Upon independence in 1999, the Timorese sought Beijing's leadership's assistance under the UN mission in reconstructing their country. China's aid to Dili has included the construction of East Timor's Foreign Ministry, an embassy in Beijing, a new presidential palace, and increasing Chinese migration to Dili under government policies offering assistance in seeking business opportunities. China's hand is visible in a number of areas of Timorese civic life such as building barracks and providing uniforms for the country's small military, bringing in medical teams and police, training civil servants and farmers and inviting students and official delegations to Beijing. Dili responded by move closer to Portuguese speaking Chinese diplomats fostering enduring relationships. Additionally, Dili formally established diplomatic relations with Beijing. China became the first

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<sup>93</sup> Kurlantzick. *Charm Offensive*, 121-123.

<sup>94</sup> Phusadee Arunmas. "Pact with China Signed to Boost Bilateral Trade to \$50 Billion by 2010" *Bangkok Post*, 23 September 2005.

country with which independent Timor established diplomatic relations.<sup>95</sup> Since then, Chinese government sponsored companies gained rights to conduct seismic studies in Timor to determine the resources available in the oil and gas rich Timor Sea, containing an estimated \$30 billion worth of deposits.<sup>96</sup> China's influence has spread across East Timor encouraging young people to study Chinese in private classes. Beijing's diplomat corps, increased aid, and acting as the leader of developing nations has brought China closer to achieving its goals of becoming a great benign power and securing economic and strategic resources by not intervening in another nation's affairs and remembering that small nations just like East Timor do matter.

## **B. IMPLICIT INDICATORS OF SUCCESS**

By recalling China's goals and achievements, it is possible to take an implicit look at China's success. China has not enjoyed unchecked success in achieving its goals, and because the charm offensive does include coercive elements it is difficult to judge if China is pulling or pushing other nations. Additionally, China's charm offensive is a global strategy which differs for each region of the world. Therefore, not all aspects are employed equally nor are they directly involved in compelling nations to take actions not already in their interest.

However, recalling China's goals of the "win-win" strategy it is evident some success is achieved through soft power. China's goals include maintaining a peaceful development in the Asian region, specifically on its borders, portray a benign image, secure the necessary resources to feed its economy, isolate Taiwan, promote the China model and be the leader of the developing world to pursue a course to becoming a great power.

China's "win-win" strategy's success is due to real initiatives and results. Beijing in the late 1990's began a "new security concept" aimed at guaranteeing the country's

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<sup>95</sup> Seth Mydans. "China's 'soft power' winning allies in Asia" *International Herald Tribune*, 11 July 2007.

<sup>96</sup> Unattributed. "East Timor Edges Toward Oil Deal with Australia" *New Zealand Herald*, 17 June 2005.

security and that of other nations through working towards mutual trust with neighboring nations and multilateral organizations. China ended several all of its border disputes by committing to the Treaty of Amity and Cooperation, a document commanding respect for the sovereignty and equality of ten countries in ASEAN. Further Beijing initiated a code of conduct on the South China Sea, signed the Southeast Asian Nuclear Weapon Free Zone, and signed numerous bilateral cooperative agreements and strategic partnerships with several Asian nations.<sup>97</sup> While many of these are not formal alliances, they contain specific elements that may lead in that direction, and in the meantime bolster China's image as benign and as a growing power.

Furthermore in Asia, China is an active participant in the ASEAN Regional Forum, supporting the first East Asia Summit, and creating an Asia Cooperation Fund to assist Chinese government agencies in their coordination with ASEAN. In Latin America, China used similar tactics by signing real initiatives under the "win-win" strategy that portrays China as a non-threatening actor. Vice President Zeng Qinghong in a trip while visiting Mexico in January of 2005 signed seven cooperation accords on maritime transportation and numerous other topics using the opportunity to create a foundation for more substantial partnerships in the future. Later the same year, Zeng signed nineteen accords with Venezuela.<sup>98</sup> China has joined the Organization of American States as an observer, the Inter-American Development Bank, and it signed an agreement on closer relations with the Andean Community.

In Africa, China established a Forum on China-Africa Cooperation in 2000 and the Program for China-Africa Cooperation in Economic and Social Development, both designed to foster cooperation on economic, health, development, and diplomat matters. Since 2000, China signed more than forty bilateral cooperation agreements with African states.<sup>99</sup> China provided economic aid to the African Union and assumed a larger role in the African Development Bank through the Chinese Development Bank.

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<sup>97</sup> Philip Saunders. *China's Global Activism: Strategy, Drivers, and Tools* (Washington D.C.: National Defense University Press, 2006).

<sup>98</sup> Kurlantzick. *Charm Offensive*, 49-51.

<sup>99</sup> Seth Mydans. "China's 'soft power' winning allies in Asia" *International Herald Tribune*, 11 July 2007.

Beijing succeeded in building peaceful relations with a majority of its regional neighbors and ended border disputes. Leaders of nations throughout Asia have accepted China as a constructive player in global affairs which works as a shot of adrenaline to their economy. The Chinese government's objective of becoming a global power and the leader of developing nations has gained support in the past ten years. For instance, the Philippines government established closer military relations in 2005 despite China's attempt a decade ago to claim the South China Sea. The Chinese appeal and influence within the Philippines is not an isolated incident. The National Bureau of Asian Research reported, "Southeast Asian states generally perceive China's rise as more of an opportunity...The majority of Asian states currently view China as more benign than malign, and are accommodating themselves to China's rise."<sup>100</sup> China's rise increases Beijing's influence capability evident in regional democratic leaders' ability to warm to Beijing when supported by the public, as evident in the Philippines, East Timor, and Thailand. Semi-authoritarian nations such as Malaysia also considered upgrading their strategic partnership with Beijing to a formal alliance. Meanwhile, countries like Venezuela and other authoritarian regimes have sought to build warmer relations with Beijing.

Overall Beijing's improved relations with various nations are attributable to China's rising strength and growing economy. China's actions ease fears of its potential growth to other developing nations through its aid, investment, and cultural appeal. Establishing ties to Beijing is due to Chinese success in portraying itself has a non-threat and hence, increasing its soft power.

However, Beijing's success in increasing appeal has some limitations. Some nations remain insecure with the Chinese rise, especially those which had conflictual relations with China in the past. For example, Vietnam seeks to build formal relations with other Asian nations and the United States to counterbalance Beijing. Some segments of South Korean as well are concerned over the popularity of China in the general public and within their legislators. One poll indicated 63 percent of ROK legislators viewed

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<sup>100</sup> "Workshop on ASEAN Relations with China and the United States: Event Report" Seattle, Washington, National Bureau of Asian Research, 3 November 2005.

China as the most important nation. Such polls represent a difficult challenge for those who rather have the United States as the top priority in South Korea rather than China.<sup>101</sup>

Though Beijing's acquisition of resources, namely oil and gas fields, is not equivalent to that of American and European companies, its distribution of its sources around the globe and investment in future potentials, appear to be the actions of an expansionist power. China's state-owned companies have amassed holdings in numerous foreign markets such as Venezuela, Peru, Sudan, Nigeria, Kazakhstan, Iran, and Saudi Arabia. However, China does not need to woo small resource rich nations. In 2006, Saudi Arabia and China entered into an agreement to create a strategic reserve of Saudi oil in China. China's state controlled China National Petroleum Corporation established an office in Riyadh and increased trade by more than 50 percent between the two nations.<sup>102</sup> Recently, PetroChina sought the assistance of U.S. energy company Chevron Corporation to develop a natural-gas field in Sichuan province, marking a rare inroad by a foreign company into China's onshore oil and natural-gas production. The cooperation between the two companies is an indicator of not only China's acquisition of resources, but also its attraction of worldwide energy companies.<sup>103</sup> Even tiny Transmeridian, a small Houston based oil company who owns strategically important fields in Kazakhstan, attracted China's National Development and Reform Commission's attention. Given the proximity of Kazakhstan to China and the Central Asian pipeline funded by Beijing, it is likely the small company's holdings will be purchased by China's Zhenhua Oil. Due to China's growing oil consumption and stagnant domestic crude output, state oil companies are seeking access to overseas reserves through acquisitions.<sup>104</sup>

Recently, China's agreement to produce and import natural gas from Turkmenistan represents a big step in the realignment of the resource-rich Central Asian

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<sup>101</sup> Robert G. Sutter. *China's Rise in Asia: Promises and Perils* (Lanham, MD: Rowman and Littlefield, 2005), 166-167.

<sup>102</sup> Unattributed. "China, Saudi Arabia Ink Oil Cooperation Deal" *Associated Press, The Wall Street Journal*, 23 January 2006.

<sup>103</sup> David Winning. "Chevron Taps Into China's Energy Output With Pact to Develop PetroChina Gas Field" *The Wall Street Journal*, 7 August 2007.

<sup>104</sup> David Winning. "Tiny Transmeridian Attracts China's Energy Firms" *The Wall Street Journal*, 15 August 2007.

republic away from its former partners in Russia. Under this agreement, China seeks to buy 30 billion cubic meters of natural gas a year from Turkmenistan and neighboring Kazakhstan for the next 30 years, to be delivered through a new pipeline built by the Chinese. In September 2007, China approved the pipeline to provide natural gas from Turkmenistan through Uzbekistan and Kazakhstan to Guangzhou province, the country's industrial base in the southeast. Most importantly Turkmenistan's natural gas resources play an important role in the geopolitics of the region. Until the new pipeline is completed, Russia and Ukraine control the only export routes for Turkmenistan's natural gas. Those countries have periodically squeezed their smaller rival, leading to disruptions in Turkmenistan's exports. Therefore, Turkmenistan is eager to break free from Russia's influence and it sees exports to China as one solution.<sup>105</sup> Smaller nations have found it easier to offer Beijing resources because of its policy to support small nations, and to remain uninvolved in a nation's affairs. As another sign of China's growing importance as an energy consumer, a Bahrain developer announced a \$5 billion plan to build a business park for the oil industry outside Beijing.<sup>106</sup>

China also seeks to fill a void which has been created due to faltering bilateral relationships with major powers in several smaller countries. For instance, China courted Hugo Chavez, the Venezuelan leader, inviting him on a state visit to China, increasing trade ties, and most notably supporting Venezuela's bid for a position on the United Nations Security Council. Similarly, China sought to improve its relations with Evo Morales, president of Bolivia in 2005 by inviting him to Beijing for a state visit. Likewise in Uzbekistan, China expressed support to Tashkent, inviting the Uzbekistan dictator Islam Karimov for a state visit to build an enduring relationship. Sudan, a highly debated country at the moment, received projects of enormous scale due to Chinese support, which were completed ahead of schedule and on time for the tenth anniversary of the

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<sup>105</sup> Terence Poon and Shai Oster. "China, Turkmenistan Sign Gas Deals" *The Wall Street Journal*, 18 July 2007.

<sup>106</sup> Terence Poon and Shai Oster. "China, Turkmenistan Sign Gas Deals" *The Wall Street Journal*, 18 July 2007.

Dictator Omar Bashir's coup.<sup>107</sup> Likewise in the Philippines, China wooed President Macapagal-Arroyo during a state visit, offering greater cooperation and aid upon faltering U.S.-Filipino relations caused by the withdrawal of Philippine troops from Iraq and decreased American aid to Manila.<sup>108</sup> Clearly these countries all have a commonality, energy resources and reserves all to be developed by Chinese government-funded projects to meet the charm offensive's second goal: strategic energy resources to feed the growing Chinese economy.

China's noninterference policy won the most partners in the developing world while drawing attention from the United States and Europe. Yet, China uses its soft power via its noninterference policy to influence nations to act according to Beijing desires. With its improved relations with neighboring countries and those in the Asia region, Beijing is able to make the most of its soft power influence within the Association of Southeast Asian Nations. Though the group of nations is responsible for the interests of the region, China has come to dominate. Countries like Burma, Cambodia, Thailand, and Vietnam often seem to consider Beijing's interests first before their own. Granted this does appear to be a wise strategy at times considering China is the most rapidly growing economy with the largest potential and there may be a trickle down effect, yet it is something to be concerned about.

However, the trickle down effect does not mean nations will always make decisions in their best interest. China is the largest aid donor and foreign influence in Cambodia, but Beijing's 2006 decision to dam portions of the Mekong River sent a flood of concerns through Cambodia. China refused to join the Mekong River Commission and commissioned its own environmental impact assessment of its dams that proceeded with a one day trip. Though Cambodians were unsatisfied with the results a Chinese delegation visited Cambodia promising aid, emphasized the Chinese culture is for the world to enjoy, and promised to enforce environmental standards. Prime Minister Hun Sen essentially had his hands tied after the Chinese had appealed to the general public of

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<sup>107</sup> Andrew Erickson and Lyle Goldstein. "Hoping for the Best, Preparing for the Worst: China's Response to US Hegemony." *The Journal of Strategic Studies* Vol. 29, No.6 (December 2006): 963.

<sup>108</sup> Kurlantzick. *Charm Offensive*, 55.

Cambodia and instructed his diplomats to not make an issue of the Mekong River project.<sup>109</sup> In this regard, China reflected its poor values as a nation with weak environmental standards, disregarded their own good neighbor and small country policy, but did wield their soft power to influence a nation to make a decision it might not have otherwise chosen.

On the other hand, China's aid policies have opened doors for Cambodia. Committed to a new anticorruption strategy, the World Bank threatened to suspend hundreds of millions of dollars to Cambodia because of rampant corruption allegations and a reduction in civil liberties in late 2004. Instead of complying with the World Bank, Cambodia turned to China and received \$600 million worth of loans and grants. The aid compensated for what would have been a devastating loss of funds, had the World Bank frozen the funds allocated for Cambodia. Although the World Bank took no action for fear it would lose all influence in the country and now Western donors feel obliged to continue assisting the small country because of its ties to Beijing.<sup>110</sup> In this matter, Beijing has greatly increased its ability to influence not just small nations, but those providing aid, and in the process created a network of nations with it as the focal point.

Outside of Southeast Asia, China has leveraged its influence with individual African states. In Zambia for example, China is one of the largest investors in the local copper industry and one of the largest providers of aid. When the possible electoral victory of an opposition candidate in 2006 known for speaking against China's poor labor standards emerged, the Chinese ambassador threatened a discontinuation of diplomatic relations if the elections did not turn out as Beijing desired. The effort may have contributed to the success of the incumbent as the opposition leader lost the presidential election and China overtly influenced an African election with their soft power.<sup>111</sup>

Just as China must maintain its model of economic development and political stability, it must not act aggressively in exerting outside influence, otherwise it risks a

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<sup>109</sup> Kurlantzick. *Charm Offensive*, 140-141.

<sup>110</sup> Unattributed. "China Pledges \$600 Million in Grants, Loans for Cambodia," *Kyodo News Service*, *The Wall Street Journal*, 10 April 2006.

<sup>111</sup> John Reed. "Beijing Flexes its Muscles in Zambian Election" *Financial Times*, 5 September 2006.

decline in its soft power. China's diplomat corps must remain aware of its good neighbor and small country policy while not acting increasingly arrogant and disdainful of other developing nations. Forgetting to listen to other nations, or not following their own objective of not interfering with another nation's affairs will cause the charm offensive and "win-win" strategy to lose its appeal. Within Southeast Asia, Singapore is most skeptical of China's charm offensive, suggesting it is merely a façade and has responded by bolstering defense cooperation with the United States. Likewise, many ASEAN nations were offended as Beijing pressured neighboring nations not to meet with the Japanese delegation and to reject any proposals authored by Tokyo during the East Asia Summit.<sup>112</sup> A continuation of this behavior may likely result in a rapid decline of Beijing's ability to exert influence and the effectiveness of the charm offensive.

China's hard power objectives are reflected in its charm offensive when one looks at its success in isolating Taiwan. In Latin America, countries are formally recognizing Beijing and renouncing Taipei for closer relations and economic benefits. Though Taiwan retains nearly half of its formal allies in Latin America, China's economic growth, aid, investment, and increasing attractiveness has swayed Venezuela, Peru, Bolivia, Brazil, Dominica, Grenada, and Guatemala to switch recognition to Beijing.<sup>113</sup> Recalling Beijing's status as an observer at the Organization of American States, this privilege is consistently denied to Taiwan. Should Panama, one of the last remaining nations to recognize Taiwan, switch recognition caused by the aid, education, and investment provided by Beijing, the few Central American nations would likely follow, leaving Taiwan with no formal allies in all of Central and South America. The trend continues in Africa. South Africa, the Central African Republic, Liberia, and Senegal have all switched recognition from Taiwan to China in the last decade citing promising aid, investment, cultural and educational opportunities, and state companies backed with a noninterference position.

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<sup>112</sup> Kurlantzick. *Charm Offensive*, 142.

<sup>113</sup> Center for Strategic and International Studies. Peter G. Peterson Institute for International Economics. *China: The Balance Sheet* (New York, NY: Public Affairs, 2006), 119.

In Southeast Asia the informal embassies of Taiwan, the Taipei Economic and Cultural Offices, have been forced out of Cambodia and informal visits have been canceled by the Indonesian, Philippine, and Malaysian governments.<sup>114</sup> Within Southeast Asia, Beijing has attempted to woo Australia through high level political visits, favorable trade conditions, and contracts on energy-related products in an effort to persuade Australia not to send troops to assist the United States in any conflict over Taiwan. Beijing's goal is to use its soft power to influence Australia to be part of a China dominated "grand neighbor region" in Asia to "force a wedge between the U.S. and Australia" in an effort to further isolate Taiwan.<sup>115</sup>

Obviously Taiwan experienced a great decline in its soft power and Beijing punished those that have not switched recognition. The Republic of Macedonia learned the hard way the cost of crossing Beijing on Taiwan. After Skopje established diplomatic relations with Taipei in the 1990's, China used its veto power in the United Nations Security Council to block passage of a peacekeeping bill to aid Macedonia. At the UN General Assembly in September 2005, President Hu offered debt forgiveness and duty-free entry to exports from the world's poor countries, except for those countries that recognize Taipei.<sup>116</sup> Foreign ethnic Chinese and nations switching recognition are aware of the potential economic gains and are making decisions in their best interest. For a state to switch recognition and warm relations with Beijing who is promising aid, investment, economic opportunity, and education damages their country very little, but pleases China greatly and potentially avoids a missed opportunity.

China's model of economic growth with limited political change is appealing to several nations. In Vietnam, Iran and Syria, regimes are attempting to duplicate China's success in promoting development while postponing or preventing any political liberalization. Despite Vietnam's hesitation to establish formal relations with China, they have adopted the Chinese model of slowly opening the economy while maintaining

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<sup>114</sup> Center for Strategic and International Studies. Peter G. Peterson Institute for International Economics. *China: The Balance Sheet* (New York, NY: Public Affairs, 2006), 120.

<sup>115</sup> Bill Gertz. "Defector: China's 'enemy' is U.S." *The Washington Times*, 4-10 July 2005.

<sup>116</sup> Center for Strategic and International Studies. Peter G. Peterson Institute for International Economics. *China: The Balance Sheet* (New York, NY: Public Affairs, 2006), 120.

control of the political system. Iran has followed suit by traveling to China to study the Chinese model and Syria has openly broadcasted its desire to move toward the same model of development.<sup>117</sup> The Shanghai index's 91 percent growth in 2007 suggests that China's continued economic boom, and China's master planners are intent on keeping its economy growing through next year's Olympics in Beijing to ensure the China model of economic growth and development is displayed on an international platform.<sup>118</sup>

In Latin America and Africa, the China model of government-directed growth and poverty reduction has resonated well. Advertising a model counter to the Washington Consensus, the Beijing Consensus bodes well in developing nations with trends illustrating a desire for state controlled economies and a higher tolerance for semi-authoritarian and authoritarian regimes. In Brazil, President Lula deployed teams of advisers to Beijing to study the China model, as has Raul Castro along with other Cuban officials and executives.<sup>119</sup> In Africa the story is the same. Both Nigerian leaders and the African Development Bank have sought to learn from the Chinese after the failure of Western economic initiatives in the past decades.

Drew Thompson, a China scholar who studies Beijing's strategy towards Africa notes, "The Chinese government has also actively promoted their own brand of economic development and reform model to African countries, encouraging...African governments to fashion their economic systems after China's own."<sup>120</sup> China's ability to illustrate itself as a model of success for top-down political and economic development is a success. In contrast to the Washington Consensus, which failed in many Latin American and African nations, the Beijing Consensus appealed to many authoritarian and semi-authoritarian developing nations. For countries like Uzbekistan, Vietnam, Sudan, Bolivia, Argentina, and many others like them, China's model shows how an economy can liberalize to a degree, but ensure the ruling party remains in power. The China model is

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<sup>117</sup> Afshin Molavi. "Fine China" *New Republic*, 8 September 2003.

<sup>118</sup> Scott Patterson. "Farewell Greenspan Put; Hello China Put" *The Wall Street Journal*, 8 August 2007.

<sup>119</sup> Kurlantzick. *Charm Offensive*, 134.

<sup>120</sup> Drew Thompson. "China's Soft Power in Africa: From the 'Beijing Consensus' to Health Diplomacy," *China Brief*, 13 October 2005.

appealing to any struggling developing nation and aids in China's third goal of developing a network of allies who share Beijing's concerns of nations intervening in other's affairs.

China's appeal to autocrats is increased by the supply of technology to countries such as North Korea, Pakistan, and Libya, but is best exemplified by its relationship with Iran. Iranian President Mahmoud Ahmadinejad was invited by the Chinese government in June 2006 to address the Shanghai Cooperation Organization. The audience included Chinese, Russian, and Central Asian leaders with collaboration by senior advisors on economic and political management.<sup>121</sup> Most recently China's Chery Automobile Corporation, a state-owned firm, signed an agreement with Iran Khodro, Iran's biggest auto maker, to invest \$370 million in a plant to assemble cars for Iran and neighboring countries.<sup>122</sup> Further, not only has China financed Iranian petroleum infrastructure to fulfill and meet its objective of securing strategic energy resources for its growing economy, but also this strategic move brings China closer to achieving its third goal; building a network of nations who share Beijing concerns for nations meddling in other's affairs.

To continue the appeal of China's model, China itself must maintain its example in more than economic terms. Civil unrest must remain controlled and China's influence must not get too persuasive. China's banking sector is perhaps supporting nonperforming loans and unstable deals with state-controlled firms, causing alarm about the true strength of the Chinese economy. The urban and rural income divide is beginning to exceed reasonable trends as the eastern provinces are significantly wealthier than the western provinces causing an increase in demonstrations and mass incidents. Any decline in these areas would result in a disastrous blow to China's soft power appeal.

The appeal of China is attracting not just other governments, but also their citizens. Poorer neighboring countries such as Laos, Cambodia, Kazakhstan, North

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<sup>121</sup> Center for Strategic and International Studies. Peter G. Peterson Institute for International Economics. *China: The Balance Sheet* (New York, NY: Public Affairs, 2006), 120.

<sup>122</sup> Unattributed. "China's Chery to Build Cars in Iran With Others" *The Wall Street Journal*, 14 August 2007.

Korea, and even eastern parts of Russia have noted with concern their citizens seeking China as a land of opportunity. Though the urban and rural income divide is dangerously great, it is rarely ever publicized, leaving a perception of a wealthy China with no poor areas, even though China's per capita income remains lower than the United States and Europe. Despite the divide, citizens of neighboring countries are witnesses to Chinese diplomats and their associated business delegations acquiring resources, promoting the language, culture, and bringing good fortune to their own nations, therefore portraying a wealthy image. Such images are attracting the citizens of other nations to take desperate measures to reach China. Non-Chinese often join migrant workers, traders, search for a Chinese spouse, and go to great lengths to blend in to the western provinces of China's ethnically diverse society in order to better their standard of living.<sup>123</sup> This illustrates the potential of strong soft power and its ability to attract citizens from the region to flock to China to seek opportunity and a chance to live life better.

Chinese have begun to return from Taiwan. Terry Gou is a native of Taiwan who founded the Hon Hai factory, China's biggest exporter and the world's biggest contract manufacturer of electronics. Though Hon Hai is publicly traded in Taiwan, Mr. Gou sought opportunity in China's growth beginning in 1988 due to abundant land and cheap labor. Conveniently located in Shenzhen, Mr. Gou employs more than 270,000 workers making Apple iPods, iPhones, Hewlett-Packard computers, Motorola mobile phones and employs a total of 450,000 workers at plants across a dozen provinces within China and in factories across the globe including Mexico, Brazil, Hungary, Czech Republic, Vietnam, and India. Mr. Gou, estimated to be worth more than \$10 billion has certainly sought a better life, not in Taiwan, but in China thanks to the attractive nature of Beijing's soft power.<sup>124</sup>

Americans as well are drawn to China because of its culture, economic prosperity, and opportunities. For instance, Bay Area professionals who have experienced the Silicon Valley boom have relocated to Shanghai and Beijing as "change-the-world entrepreneurs" believing this is the start of the China Century. For what might have

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<sup>123</sup> Kurlantzick. *Charm Offensive*, 137-138.

<sup>124</sup> Jason Dean. "The Forbidden City of Terry Gou" *The Wall Street Journal*, 11-12 August 2007.

begun as a one year trip is now a permanent home for many families citing the Chinese language and way of thinking as attractive aspects of China's soft power, broadening the horizons of their children and themselves. The idea of investing in China from the inside has attracted many and with the government moving to decrease corruption and increase transparency it is a wonder when more Americans will seek to establish their home in urban China.<sup>125</sup>

As an emerging leader of the developing nations, China has assumed its position well. When Thailand devalued its currency in 1997 due to a major financial crisis, it lost its investors and depositors requested their funds returned. Construction of high-rise buildings in Bangkok stopped, which still stand today, and financial companies declared bankruptcy one after another. Unemployment skyrocketed and the Thai government collapsed under the pressures of the financial crisis. As a formal U.S. ally, Thailand suspected Washington would provide a bailout package. However, as aid was delayed Beijing publicly refused to devalue the Thai currency, advertising its decision to support other developing Asian nations. "The Chinese Government with a high sense of responsibility, decided not to devalue its renminbi in the overall interest of maintaining stability and development in the region" said the Chinese Foreign Ministry.<sup>126</sup> Beijing's rapid response worked as it strengthened China's position in the region by gaining publicity and the media's attention in Thailand, leaving a lasting impression on the Thai as to who first came to their aid despite a massive financial bailout package eventually offered by Japan, the United States, and the International Monetary Fund.

Now less than a year away, the 2008 Olympic Beijing Games will test China's position as a rising power. The Olympic spectacle viewed as a metaphor for China's rising power illustrates many complex variables including cleaner air, open media access, and hygienic conditions for athletes. Beijing is well ahead logistically in preparing for the influx of more than two million spectators from the world and has even invested \$70 million in Hohhot, in Inner Mongolia, building a new airport and highway linked to

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<sup>125</sup> John Boudreau. "Americans in China" *San Jose Mercury News*, 6 August 2007.

<sup>126</sup> Ministry of Foreign Affairs of the People's Republic of China "Proactive Policies by China in Response to the Asian Financial Crisis," 17 November 2000.

Beijing in case weather stalls Beijing's airport traffic. Roads throughout the country are improved in the name of the Olympics and sponsorships worth nearly \$1.5 billion are ensuring that 2008 will be the most commercially successful Games. For instance, Steven Spielberg has agreed to help design the opening and closing ceremonies.

However, environmental concerns of air quality, which currently exceeds the World Health Organization's clean-air guidelines by 78% has not only officials concerned, but also athletes who wish to shatter records. U.S. athletes will be equipped with activated charcoal masks, ibuprofen and asthma medication to combat Beijing's pollution. Beijing has begun to conduct trials of traffic limitations, removing 1.3 million vehicles from the roads, more than a third of the city's total to improve the air quality, but with little visible impact on air quality with layers of smog still visible. Stricter car-emission standards have been imposed, factories in surrounding areas have been closed, and a vast tree-planting initiative has begun in an effort to prevent any postponements of some sporting events during next year's Games. Beijing has drawn historical parallels to the 1988 Games in Seoul, which crowned South Korea's economic miracle, and transition from a military dictatorship to a direct and fair presidential election. However, Beijing still faces difficulty in meeting human-rights issues, open reporting for not simply foreign reporters but local journalists as well, and other limitations of free speech which would ever allow for a democracy to be born. Nevertheless, China has invested \$38 billion and may spend a total of \$67 billion on its Games to showcase the emergence of Beijing and much of China from a developing country into a first-world power.<sup>127</sup>

As a leader in the developing world, Hu Jintao addressed Brazil in 2004 announced China would "stay on the side of the developing countries."<sup>128</sup> In 2005 Hu met with the leaders of Brazil, India, Mexico, and South Africa to affirm China's dedication to a partnership and leadership of developing nations. The Chinese leadership has not only continued in Latin America and Africa, but also in Asia. Throughout

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<sup>127</sup> Mei Fong, Geoffrey A. Fowler, and Shai Oster. "A Year Out, Beijing Games Test China's Rising Power" *The Wall Street Journal*, 7 August 2007. Merissa Marr and John R. Emshwiller. "Lights! Camera! Influence!" *The Wall Street Journal*, 25-26 August 2007. Mei Fong. "China Test Curbs Cars, but Smog Effect Blurry" *The Wall Street Journal*, 20 August 2007.

<sup>128</sup> Kurlantzick. *Charm Offensive*, 52.

meetings of the Asia Pacific Economic Cooperation (APEC) organization China is the spokesperson for developing nations, building its benign image, and often succeeding in its fourth goal of the strategy: assuming the role of a great power.

For China to pursue a course to grow into a great power, it needs to create relations with nations around the globe who share common interests. Beijing is successful in this so far when promoting their benign image, economic and political model, and noninterference behavior. With a great number of nations attracted to the Chinese dragon, it is increasingly difficult for members of the United Nations Security Council to stop a Chinese initiative. Conversely, should the United States, England, and France call for action against rogue states, China can assemble a bloc to block an initiative. The Chinese coalition recently assembled in 2004 to defeat a Washington sponsored United Nations Commission on Human Rights investigation in China. Half of the supporting nations were from Africa who had benefited from Chinese aid and investment, were likely authoritarian or semi authoritarian benefiting from the Chinese model, and were in line with China's noninterference policy. In this respect China, with its mutually-reinforcing goals, has wooed a great deal of nations via its charm offensive to protect itself, as long as it remains on the same course and does not divert to act aggressively or overconfident.

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## **VI. MIXED RESULTS**

### **A. POSITIVE GLOBAL RESULTS**

With Beijing's growing influence in the world, the charm offensive could use its newly acquired power to promote positive change. Whether supporting multilateral organizations, mediating disputes, fighting narcotics, reducing human trafficking, stopping the spread of HIV and other infectious diseases, toughening safety and labor measures, or bringing economic opportunity, China's soft power can be wielded responsibly. If China seeks to develop peacefully and evolve into a great power it will have to use its soft power to serve the global good, and assist the United Nations and regional focus groups to solve severe problems.

Positive signs of how China will use its soft power do exist. Beijing's shift to supporting multilateral organizations, joining international nonproliferation agreements, and even sending Chinese peacekeepers or police under the UN flag to developing states such as Liberia, Haiti, or East Timor is encouraging and furthers its soft power. Peacekeeping support has grown and today China has more troops participating in UN peacekeeping missions than any other permanent member of the Security Council.<sup>129</sup> In an effort to assume the role of a great power, not only has Beijing committed over 3,000 peacekeeping forces to the United Nations, but also has begun to mediate other developing nations' disputes, a task normally reserved for a great power.<sup>130</sup> As a proactive mediator, China has stepped in to resolve feuds such as between Thailand and Cambodia in early 2003. Both nations had come close to engaging in a severe border war and because Cambodia has poor relations with the United States, both countries turned to Beijing for assistance. Chinese Vice Foreign Minister Wang Yi called upon the Thai and Cambodian representatives in Beijing to reconcile their differences. Perhaps both countries realized that not normalizing relations and continuing to threaten each other,

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<sup>129</sup> Michael Fullilove. "Angel or Dragon?" *National Interest*, September – October 2006.

<sup>130</sup> Joseph S. Nye Jr. "The Rise of China's Soft Power" *The Asian Wall Street Journal*, 29 December 2005.

causing an unstable region posed a risk of disrupting trade and aid provided by China. Within weeks Thailand and Cambodia normalized their relationship and trade and aid from China continued.<sup>131</sup>

Most importantly, China is the backbone of the Six-Party Talks. Washington, Tokyo, Seoul, and Moscow have turned to Beijing, Pyongyang's longtime ally and major provider of aid, food and energy, to host the six-way talks on the North Korean nuclear program. Chinese officials were able to entice the North Koreans to come to the table through increased aid and invited Kim Jong Il to the southern provinces of China to show off economic growth and study the Chinese economic reforms.<sup>132</sup> However, upon North Korea's withdrawal from the Six-Party Talks, Beijing publicly displayed anger, shutting down an oil pipeline to Pyongyang and took measures to freeze North Korea's holdings in several banking institutions in Macau. Even more aggressive steps were taken after North Korea tested a nuclear weapon, including agreeing to UN sanctions on Pyongyang, ceasing all oil exports to North Korea, and sending a high level delegation to Pyongyang in an effort to return the Koreans back to the table.<sup>133</sup>

Beijing acts out of self interest in this matter. President Hu Jintao certainly does not want a nuclear Pyongyang capable of targeting every Chinese city, but also if Kim is able to acquire the ultimate deterrence, nuclear weapons, he will be more reluctant to meet with Beijing and afford Hu the opportunity to exercise any influence.<sup>134</sup> Therefore, China is granted the leading role in the region regarding this matter. It may lead to an accomplishment of a long desired goal of pursuing a nuclear free North Korea, working with the other nations involved, boosting China's appeal, and thereby gaining the respect of those involved nations.

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<sup>131</sup> "China Hopes Thailand, Cambodia Settle Unrest Calmly" *Xinhua*, *International Herald Tribune*, 30 January 2003.

<sup>132</sup> "China and North Korea: Comrades forever?" Brussels, Belgium, International Crisis Group report, February 2006. Robert Marquand "U.S. Looks to China to Influence North Korea" *Christian Science Monitor*, 10 July 2006.

<sup>133</sup> "China and North Korea: Comrades forever?" Brussels, Belgium, International Crisis Group report, February 2006.

<sup>134</sup> Michael Auslin. "The China Card" *The Wall Street Journal*, 2 February 2006.

Revisiting a terrible addiction of the past, China has recently seen a rise in heroin use in parts of its country. China's efforts to prohibit drug trafficking is limited to its borders and namely in its relations with Burma. In the fall of 2003, China began to express concern over the flow of drugs out of northeastern Burma and into China. In response, Beijing restricted visas into parts of Burma and massed troops along the Burmese border. Simultaneously, China pressured the Burmese government to fight narcotics within its borders and coordinated enforcement cooperation.<sup>135</sup> Results have been positive as Chinese authorities have seized heroin along the Burmese border. In conjunction with this progress, Chinese officials clearly understand the threats posed by drug trafficking and have publicized this through signing several UN drug conventions, hosting multinational events on drug control, and initiated training for its legislative and judicial departments in regards to combating transnational crime.

Likewise, Beijing has sought to reduce human trafficking recently capturing a major "snake head" or people smuggler who charged \$90,000 per person to leave China for Canada.<sup>136</sup> Additionally, along its borders China has sought local government support to educate women in border regions about HIV and other sexually transmitted diseases. China strongly encouraged its neighbors to do the same in regards to its educational programs and in 2004 formed a joint effort with Vietnam to fight human trafficking, an effort which included educational programs and law-enforcement cooperation.<sup>137</sup> Similarly, despite the outbreak of SARS in China in 2003, Beijing has begun to use its influence to promote cooperation in fighting infectious diseases. In response to the avian flu, China responded by assisting other countries to develop bird flu early warning systems and worked with multilateral organizations to strengthen quarantines. However, most recently, international animal-health experts have flown to Vietnam to determine

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<sup>135</sup> Kurlantzick. *Charm Offensive*, 150-151.

<sup>136</sup> Unattributed. "Chinese Police Bust Fake Shaolin Temple Kung Fu Masters" *Associated Press, The Wall Street Journal*, 10 August 2007.

<sup>137</sup> Unattributed. "China, Vietnam Launch Joint Campaign to Combat Trafficking in Border Area" *Xinhua, International Herald Tribune*, 3 June 2004.

whether a new virus afflicting pigs in China has spread, rekindling tensions over China's cooperation in alerting the outside world to diseases within its borders.<sup>138</sup>

In response to food, drug, and product safety concerns which have emerged in the past year, China has sought to uphold its China model and ensure its soft power does not decline. Imposing tougher rules on exports, China's premier ordered increased vigilance over food and drug safety as the State Council announced a new regulation that mandates stronger supervision and outlines hefty punishments for makers of dangerous goods. These two measures highlight Beijing's focus on winning back international confidence in its exports after threats from Europe's consumer commissioner, Meglena Kuneva who was prepared to block access to the European markets if Beijing did not improve its product safety standards.<sup>139</sup> "Food safety and product quality should be our top priority...It is not only an urgent task, but an arduous and long-term task," said Premier Wen Jiabao. As a slew of exports from pet-food, toothpaste, tires, and seafood have been recalled or rejected around the world China's soft power has declined. In response, Beijing and its leadership has sought to hold local governments responsible for producers of food, agricultural products and drugs. In April of this year, the State Council announced plans to expand the country's food and drug safety surveillance network, increase inspections, establish an emergency response mechanism, and put recall procedures in place over the next five years. Xinhua reported the arrest of fifteen members of a gang responsible for phony rabies vaccines and blood proteins, a public illustration of China's firmer stance on product regulations and production standards, all of which are in an effort to produce a better and safer product for global consumption and to restore confidence in Chinese exports.<sup>140</sup>

President Hu Jintao's administration is furthering its commitment to improve living standards and equality by taking authority away from China's powerful local governments. Provincial and local governments in China have for decades been able to

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<sup>138</sup> Nicholas Zamiska. "Outbreak of Pig Disease in China Prompts Monitoring in Vietnam" *The Wall Street Journal*, 20 August 2007.

<sup>139</sup> Jason Leow. "China Safeguards on Agenda" *The Wall Street Journal*, 1 August 2007.

<sup>140</sup> Unattributed. "China Toughens Stance on Food and Drug Safety" *The Wall Street Journal*, 28 July 2007. Gordon Fairclough. "China-Product Scare Hits Home, Too" *The Wall Street Journal*, 20 July 2007.

manage their own affairs as long as they delivered economic expansion and minimized social conflict. However, recent events such as local officials in Henan and Shanxi provinces association with the owners of brick kilns and coal mines who kidnapped hundreds of children and adults and forced them to work in harsh conditions, has illustrated local authorities tendencies to turn a blind eye to violations of safety, labor, and environmental standards. With the new Beijing initiatives the government aims to keep its word. The state land inspector general Mr. Xu Shaoshi's top priority is to reduce the seizure of agricultural land for commercial development, which has caused an increase in mass incidents and social unrest. The shift to a stronger central authority may assist in bridging the growing urban-rural divide, decreasing often widespread corruption, and enforcing environmental standards. "Enforcement is the chief issue in solving China's environmental problems, and the local level is the most important," says Zhang Shaomin, a deputy director general at the State Environmental Protection Administration. The abolishment of an agriculture tax has pleased farmers and taken away a major source of income for local government officials, which were often abused. As long as the public perception of the top leadership in Beijing is basically honest and well-meaning, central control will work to improve China's charm offensive.<sup>141</sup>

Battling poor labor policies will be explored in the following section, but Beijing has begun taking corrective measures against those guilty of labor violations. The Beijing Olympic Organizing Committee has taken measures against four factories making Olympic merchandise while in violation of labor policies, namely child labor and excessive work hours. The incidents highlight the rising pressure Beijing has faced to improve its human rights record under increased international scrutiny in the run up to the 2008 Olympic Games. The committee's actions are in response to the Playfair Group, an international group of trade unions and nongovernmental organizations, which first raised these issues. One of the cited manufacturers, Mainland Headwear Holdings is a major supplier to Wal-Mart Stores, which issued a warning to them after finding that they overworked staff and violated labor laws, yet another indication of the rule of law bent for capital gain at the laborers' expense, and Western companies with vocal shareholders

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<sup>141</sup> Andrew Batson. "China Tightens Local Oversight" *The Wall Street Journal*, 10 August 2007.

ability to maintain international standards.<sup>142</sup> To maintain the attractiveness of the China model, Beijing must prevent poor labor policies and poor quality control to be exported from or exist within its own borders. As China is exposed more and more by foreign media these issues will be broadcasted, repealing the attraction of China and causing a decline in the effectiveness of the charm offensive. Therefore, it is of the utmost importance for Beijing to ensure it is correcting internal labor and product policies.

China's government funded economic programs are producing results and opportunities for other developing nations. The rapidly growing economy and thirst for energy resources has created a need for those developing nations with oil, gas, minerals, and other commodities to maximize their benefit. Developing countries in Latin America, Africa, and Southeast Asia have developed trade surpluses with China and potentially use the available capital to create stronger social, educational, and economic institutions. Not only do the surpluses allow for the creation of a higher standard of living, but also limits the possibility of a national debt, in addition to creating a larger demand for labor which may often be filled by locals who are able to raise their skill level or imported Chinese laborers who will bring more capital to a developing nation. Often cheap Chinese products are also welcomed by poorer consumers in developing nations who are not able to afford Western products.

Perhaps the greatest achievement of the China model and the most positive aspect of the growing nation to be passed on to other developing nations is the ability of the central government and provincial governments to use enough of China's wealth to lift hundreds of millions of people out of poverty. Beijing has enabled the state-dominated model of development to do considerable good for not just China but for neighboring states and other developing nations.

## **B. NEGATIVE GLOBAL RESULTS AND THE ABSENCE OF CHARM VALUES**

China's rising soft power parallels growth in concerns regarding the exportation of Beijing's poor labor and human rights policies, environmental standards, health and

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<sup>142</sup> Mei Fong. "China Olympics Officials Penalize Firms" *The Wall Street Journal*, 1 August 2007.

safety records, unsafe exports, economic suppression, and poor governance. What at one point were internal policy problems for the people of Shenzhen, Guangzhou, or Shenyang are now problems for people in Panama City, Khartoum, or Caracas. Nevertheless, in a flatter world, China's influence may spread faster than that of traditional powers, like the United States and Japan. While much of the world has already formed an opinion on America's policies, values, and culture, China remains a new entity outside of Asia. Although the international media covers China often, it does not attract the level of attention the United States draws, but as China gains power the world media will focus more on China's critical faults which make up the foundation of the charm offensive, such as its values.

China's labor policies are certainly not known for their equal employment and fair treatment opportunities. Such policies when compared to that of the United States, a great power, highlight the charm offensive's faults and demonstrate how much China must grow before becoming a great power. Most Chinese companies do not treat their employees well at home, and most developing nations lack the necessary tools to enforce labor rules on foreign operated companies. Further, Chinese companies have no experience working with independent unions. The All China Federation of Trade Unions, which is controlled by the Communist Party, controls all the unions within the country.<sup>143</sup> Not only do Chinese companies not understand labor laws, but also Chinese corporations rarely interact with nongovernmental organizations, activists, shareholder groups, and other influential groups. Whether incurring horrible safety records by simply not supplying basic safety equipment or enforcing weak environmental controls, China's state owned companies are clearly not up to the standards of a great power and therefore perhaps only suited for the developing world.

The Peruvian town of San Juan de Marcona offers a window into the labor and environmental problems China has exported to developing nations. In 1992, a Chinese state steel company, Shougang International Trade and Engineering, purchased Hierro de Peru, a state-run iron mine. The promised investment of \$150 million was welcomed by

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<sup>143</sup> Kurlantzick. *Charm Offensive*, 154.

the state and the general population who hoped the local economy would be revitalized thanks to the Chinese. However, despite a rise in Shougang's profits, little was done to improve the mine or its safety measures, spending only \$35 million of the \$150 million initially promised. The local population became concerned of serious environmental problems including the allegations of Shougang's dumping of chemical waste into the nearby ocean. Finally, after receiving complaints of a pay freeze the Peruvian government investigated Shougang's poor labor policies, environmental standards, and lack of safety measures. The government fined Shougang \$14 million for failing to make necessary improvements to the mine, which was paid, but clearly paying the fines was cheaper than spending the money to make the needed upgrades. For four years between 2001 and 2005 the workers at the mine protested wages and began to walk out of work due to continued environmental, labor, and safety issues. The results were not what the local population had aimed for as Shougang simply fired the labor force and imported their own laborers from China, who received no benefits at all, and only contributed to the problems between the Chinese company and Peruvian people.<sup>144</sup>

China's human rights policies are an aspect of a developing nation and far from that of a great power. The treatment of those involved in "mass incidents" or demonstrations highlight the government's control and its lack of support for adequate human rights. In the southeast Chinese villages of Panlong and Dongzhou, police killings of protestors raise serious questions about China's ability to contain unrest. The number of protests, officially called "mass incidents" has increased from 8,700 in 1993 to 74,000 in 2004. Laborers enraged by massive layoffs, plundered pensions, confiscated land, and corrupt officials, seek the attention of senior Party leaders, thereby frightening local officials into making concessions.

Meanwhile, Beijing attempts to persuade apolitical citizens that the Party can provide economic growth and clean autocracy. However, as the recent events in Chinese villages indicate this strategy from Beijing is not yet successful. Local officials punish

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<sup>144</sup> Robin Emmott. "Peru Miners Feel Oppressed by China's Shougang" *Reuters, The Wall Street Journal*, 21 July 2005. Stephen Frost. "Chinese Investments Abroad; Shougang and Labor Protests in Peru" *CSR Asia Weekly* 1, Week 33.

those who use the legal petitioning system and hire thugs instead of uniformed police to settle protestors. In January of 2006, 20 demonstrators in Dongzhou died after “warning shots” were fired, and a thirteen year old girl was beaten to death, which was unfortunately reported as a heart attack victim. In Zhejiang province in April of 2005 police attempted to settle a group protesting chemical factories that were killing crops, causing stillbirths and turning local water “the color of soy sauce.” However, efforts left 50 police wounded.<sup>145</sup>

The treatment of “mass incidents” provides a window into the instability shaping Beijing’s responses to larger human rights issues. For example, Beijing’s organization of the Six Party Talks is in fear of instability and refugee flows in the northeast where protest rates are the highest. China’s inability to free up exchange rates due to fear of unemployment and unrest, Beijing’s fear of Muslim unrest in Central Asia has caused it to support repressive regimes, and the fear of how nationalist demonstrations might limit flexibility in easing tensions with Taiwan and Japan, all contribute to Beijing’s intensive human rights suppressions.<sup>146</sup>

Environmental protection is nearly nonexistent in China. With a government focused on maintaining growth rates, few officials care about the environmental consequences of industrialization. As Elizabeth Economy has illustrated, Beijing has not demonstrated any commitment to river and wetland preservation within China. The foundation of China’s export economy, textiles, accounts for most the water contamination. Last year in Dongguan Chinese government investigators found a pipe buried underneath the factory floor of Fuan Textiles mill dumping roughly 22,000 tons of water contaminated from its dyeing operations each day into a nearby river.<sup>147</sup> Undoubtedly, the Yangtze River and other major waterways have been all but destroyed. Recalling Beijing’s refusal to join the Mekong River Commission and address concerns voiced from neighboring Cambodia regarding water flow, Beijing commissioned its own

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<sup>145</sup> Murray Scot Tanner. “We the People (of China)...” *The Wall Street Journal*, 2 February 2006.

<sup>146</sup> Murray Scot Tanner. “We the People (of China)...” *The Wall Street Journal*, 2 February 2006.

<sup>147</sup> Jane Spencer. “China Pays Steep Price As Textile Exports Boom” *The Wall Street Journal*, 22 August 2007.

environmental impact assessment of its dams that proceeded with a one day trip.<sup>148</sup> Though water levels have receded to leave behind flat plains, and Cambodia's Tonle Sap, the largest freshwater lake in Southeast Asia, fed by the Mekong is drying up, the Chinese felt a day trip to the region would suffice to determine the environmental impacts of Beijing's decision to dam upper portions of the Mekong River. Certainly a day trip to the region would not suffice in determining the environmental and ecological effects of the damming projects along the Mekong River, but in an effort to calm fears Beijing has promised to enforce environmental standards, which have yet to be demonstrated.

Beijing often represses green activist groups further indicating its weak pro-environmental policy. On China's border with Burma, Chinese companies have decimated protected forests to supply the demand for housing in developing urban areas. In the north of Burma, Chinese companies have increased from four in 1984 to more than a hundred in 2005, resulting in stockpiles of timber, all of which are suspected to have been illegally harvested.<sup>149</sup> Additionally, local leaders along the Burmese border have encouraged the cross-border cutting, despite China officially signing international bans on illegal logging. Beijing may have the best intentions to demonstrate itself as a responsible regional and global power by providing leadership advice to other timber importing countries, but China's actions speak louder. It is estimated that 98 percent of Burma's exports of timber to China come from illegal sources, such as protected forests, and that the revenue is funding low-intensity conflicts inside Burma. Burma is not the only supplier of illegal timber to China. Global Witness believes half of China's imported timber comes from illegal sources as the importation of timber has tripled in the eight years between 1997 and 2005.<sup>150</sup> In Indonesia the story is similar as China National Offshore Oil Corporation, a state-owned enterprise, and its Indonesian partner, Sinar Mas Agro, seek to invest \$5 billion over eight years to develop palm-oil plantations in Papua

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<sup>148</sup> Elizabeth C. Economy. *The River Runs Black: The Environmental Challenge to China's Future* (Ithaca: Cornell University Press, 2005).

<sup>149</sup> Global Witness "A Choice for China: Ending the Destruction of Burma's Frontier Forests" London, England, Global Witness Publications, October 2005.

<sup>150</sup> Global Witness "A Choice for China: Ending the Destruction of Burma's Frontier Forests" London, England, Global Witness Publications, October 2005.

hoping to feed the demand for bio-diesel. The palm oil ventures result in the cutting and export of valuable hardwood and in the case of Papua, losing vital rain forest acreage, yet another Chinese venture that illustrates reckless disregard for the environment.<sup>151</sup>

China's behavior in the global fishing trade highlights the state's disregard for the environment. Impoverished nations like Mauritania in West Africa sell their seas to nations that have over fished in their own waters. Local fishermen are forced to compete with huge trawlers from China who leases 99 of the 340 foreign boats licensed in Mauritania. China's goal is to keep their fisherman on the water, providing \$2 billion a year in fuel subsidies, boosting the number of work boats, increasing the global catch, and driving down fish prices, which makes it more difficult for Mauritian fishermen who receive no subsidies to compete. The result is African waters losing stock rapidly, with ramifications both to the economies of Africa's coastal nations and the world's ocean ecology. Over the past thirty years the fish in West African waters have declined 50%. Rising fuel costs and low-cost Chinese competition has squeezed profits adding pressure to find waters where fish are more plentiful. In 2005 China, which catches more fish than any other nation, supplied two fighter jets as partial compensation for fishing rights in Mauritania.<sup>152</sup> The exportation of China's disregard for environmental concerns is clearly demonstrated in their relationship with Mauritania which receives no other benefits or aid from Beijing.

To compound their environmental problems two-thirds of Chinese cities fail World Health Organization (WHO) standards for air quality, the worst rate of any large country and any seeking global power. Sixteen of the world's 20 most polluted cities are in China.<sup>153</sup> Specifically in Beijing, where authorities estimate a million tons of dust settles every year, the level of microscopic aerosols is seven times the public-health standard set by the WHO. The air pollution has begun to impact North America as well. An outpouring of dust layered with man-made sulfates, smog, industrial fumes, carbon

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<sup>151</sup> Tom Wright. "Indonesian Proposal: Pay Us Not to Chop Down Our Trees" *The Wall Street Journal*, 10 August 2007.

<sup>152</sup> John W. Miller. "Global Fishing Trade Depletes African Waters" *The Wall Street Journal*, 18 July 2007.

<sup>153</sup> Matthew Rees. "The Boom Beyond Our Borders" *The Wall Street Journal*, 18 July 2007.

grit and nitrates cross the Pacific Ocean on prevailing winds from China's economy in plumes which alter the climate in North America. Almost a third of the air over Los Angeles and San Francisco can be traced directly back to China, and with it comes up to three quarters of the black carbon particulate pollution produced by China.<sup>154</sup> Additionally, beyond the Burmese forests and the Cambodian Mekong River, China has further exported their unwillingness to conduct adequate environmental studies. China's Export-Import Bank declines to sign environmental guidelines which are often required by Western countries, and as part of Beijing sponsored aid not only are contracts given to Chinese companies with their own laborers, but also environmental impact assessments are refused.<sup>155</sup>

While China's regulations may currently be changing regarding export safety and product standards, Mattel Inc.'s recall of more than one million lead-contaminated toys made in China illustrates how difficult it can be for businesses to benefit from low-priced goods without facing safety and regulatory risks. Mattel was one of the first American companies to move its manufacturing to China twenty years ago. Today, the city of Dongguan now has more than 5,000 toy factories, where the majority of the world's toys are made. China's manufacturers repeatedly revert to lead paint regardless of the rules because it is cheap and help factories meet relentless pressure to contain costs. Violations go unnoticed due to regulatory weaknesses and lackadaisical Chinese regulators. China currently has laws banning lead-paint from consumer products, but a lack of regulatory enforcement means such laws are obviously ignored.<sup>156</sup> However, in recent news, Beijing has temporarily banned the exports of good produced by Lee Der Industrial, the producer of Mattel toys, which came days before the suicide of the head of the company Zhang Shuhong.<sup>157</sup> Beijing's imposition of an export ban is a step in the right direction until

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<sup>154</sup> Robert Lee Hotz. "Huge Dust Plumes From China Cause Changes in Climate" *The Wall Street Journal*, 20 July 2007.

<sup>155</sup> Elizabeth C. Economy. *The River Runs Black: The Environmental Challenge to China's Future* (Ithaca: Cornell University Press, 2005).

<sup>156</sup> Jane Spencer and Nicholas Casey. "Toy Recall Adds to Fear of Goods Made in China" *The Wall Street Journal*, 3 August 2007.

<sup>157</sup> Unattributed. "Head of Chinese Toy Manufacturing Company Commits Suicide Amid Recall" *Associated Press, The Wall Street Journal*, 13 August 2007.

safety and standard regulations can be properly implemented. Overall, as China is exposed more and more by foreign media these issues will be broadcasted, repealing the attraction of China and causing a decline in the effectiveness of the charm offensive.

China's ability to regulate what it exports is at the heart of Beijing's governing problem. China may impose tougher rules, but actually implementing the export controls is a problem. Despite a United Nations sanction resolution on Iran in December of 2006, Beijing owned companies continue to export sensitive military technologies to Iran. The goods have included a range of specialty metals and other dual-use items that could aid Tehran's missile and nuclear programs, with some cargoes going to Iran's main ballistic missile producer. In this respect, Beijing is able to exercise limited control of the export of potential weapons materials to countries under international scrutiny. In a classified incident this year, Singaporean authorities were tipped off by U.S. intelligence agencies of a container transiting through its port from China en route to Iran. Large quantities of chemical compound used to make solid fuel for ballistic missiles were found, and intended for Shahid Bagheri Industrial Group, which is responsible for Iran's efforts to develop long-range missiles.<sup>158</sup> The state-owned company China Great Wall Industry Corps was named as one of the providers of this technology, which is also interestingly linked to the Nigerian government who chose the firm to launch a new Nigerian satellite.<sup>159</sup> Despite Beijing's best efforts to control exports, this is a glaring example of its inability to monitor its own laws, agreed upon sanctions, and implement adequate oversight. Incidents such as this which are monitored by the international media can cause great decline in China's soft power and the appeal of the China model.

Beyond a complicated governing and enforcement problem, China has often disagreed with what is and what is not a health hazard. As Chinese authorities have recently banned the export of toothpaste containing diethyl glycol, a poisonous chemical used in automobile antifreeze, that the U.S. Food and Drug Administration deemed as a health hazard, China did not order a recall of millions of tubes still on store shelves across China. Beijing's General Administration of Quality Supervision, Inspection and

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<sup>158</sup> Neil King Jr. "China-Iran Trade Surge Vexes U.S." *The Wall Street Journal*, 27 July 2007.

<sup>159</sup> Unattributed. "Friend of Forager?" *Financial Times*, 23 February 2006.

Quarantines has insisted that the levels of the poisonous chemical are safe and has told consumers not to be concerned citing a 2000 study by experts assembled by China's Ministry of Health. The decision to stop exports but permit their sale throughout China till stocks are sold out underscores the fact that the people most at risk from China's public health and safety lapses are the Chinese citizens. Chinese officials indicate they have yet to receive complaints of illness or death related to the chemical, but Beijing is still attempting to develop an effective nationwide reporting system of problems and illness related to consumer products. In the first half of this year, the Chinese government reviewed 114 types of products made for domestic consumption by more than 6,300 companies, and found nearly a fifth failed quality and safety standards. In a survey conducted this year, Xinhua found 92% of respondents were "concerned about food safety" and 78% said they believed government enforcement of safety regulations is not satisfactory. Beijing's efforts to police the problem are hampered by widespread corruption and the proliferation of small family manufacturers making multiple items, all overwhelming China's inspection bureaucracy.<sup>160</sup> Therefore, the transparency, governing, and enforcement difficulties faced by Beijing highlight the cracks in the charm offensive, causing a great decline in China's soft power and the appeal of the China model.

Despite recent importance placed on product-liability and product-recall the system is in its infant stage in China, with no government regulations for the recall of products other than cars. After recent events, rules for recalls of hazardous toys and unsafe food are expected by the end of the year. China's product-safety issues stem from the Chinese private sector's embrace of profits at nearly any cost, where companies decide to focus on the local market instead of exports due to lower standards and less enforcement. As for the toothpaste, the chemical was substituted for glycerin as its price increased and Chinese companies sought to maximize profits despite their knowledge of the toxic chemical, figuring since people do not ingest toothpaste, the risks to consumers

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<sup>160</sup> Gordon Fairclough. "China-Product Scare Hits Home, Too" *The Wall Street Journal*, 20 July 2007.

would be minimal.<sup>161</sup> As safety fears continue to mount, brand protection will grow in importance, evident in Colgate's warning to consumers about tainted toothpaste bearing counterfeit Colgate labels. Though easier for larger companies, small brands may only get one opportunity to maintain confidence with consumers. For publicly traded companies, the stock market will reflect China based quality control as investors will demand discounts if companies fail to reduce litigation risks and implement more stringent control guidelines. The likely result for lackadaisical Chinese officials is the harsh judgment of American business partners and their consumers.<sup>162</sup> In this case, toothpaste is just one area where differing product-safety standards and levels of enforcement in China are raising concerns abroad about the potential hazards posed by less regulated Chinese exports. As reports of problems multiply, even in China's tightly controlled press, the issues have caused a crisis of confidence among Chinese consumers, overseas consumers, and China's ability to protect against such incidents.

In the previous section, China's economy was addressed as a land of opportunity for developing nations. However, China's exports may threaten developing nations' industries. In fact, Beijing is often seen as an unfair competitor due to its labor policies, dumping, undervaluation of its currency, and state support for certain industries. As is, China's exports overlap by more than 50 percent with those from regional countries such as Thailand and the Philippines, and foreign investment in developing regions like Latin America which compete with China has sharply declined since the turn of the century. Despite China joining the World Trade Organization in 2001, it has displaced Mexico as the second-largest exporter to the United States and has begun to run large trade surpluses with its developing neighbors, Thailand and Vietnam.<sup>163</sup> Seventy percent of China's publicly traded companies are worthless, the banking system carries close to \$1 trillion dollars in bad loans, and Premier Wen Jiabao has admitted the economy is "unbalanced, uncoordinated, and unstable."<sup>164</sup> However, as previously mentioned some developing

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<sup>161</sup> Gordon Fairclough. "China-Product Scare Hits Home, Too" *The Wall Street Journal*, 20 July 2007.

<sup>162</sup> Unattributed. "Chinese Fake Out" *The Wall Street Journal*, 14-15 July 2007.

<sup>163</sup> Kurlantzick. *Charm Offensive*, 161.

<sup>164</sup> Matthew Rees. "The Boom Beyond Our Borders" *The Wall Street Journal*, 14-15 July 2007.

nations enjoy cheap Chinese products because they are unable to afford Western goods, but in the case of dumping low-quality and often pirated goods into the markets of Africa, Latin America, and Southeast Asia, these situations may potentially push developing nations and even first world nations away from trade with China. In fact, the United States Senate Finance Committee recently passed a bill that would open the way for punishing China over its monetary policy. The bill calls specifically for antidumping penalties if China fails to revalue its currency after it is identified as “fundamentally misaligned.” Beijing is suspected of keeping the Chinese Yuan artificially low, making its imports unfairly cheap and fueling its record trade surpluses.<sup>165</sup>

Throughout Central and South America a few notable countries have begun to take action against China and their often unfair trading actions. Brazil and Argentina have expressed concern over rising imports from China that have not resulted in as dramatic an increase in exports. To counter, Brazil has imposed twenty antidumping clauses and Argentina has introduced new non-tariff barriers on Chinese imports. Both countries join a conglomerate of developing nations who have filled trade investigations against China. Despite press indicating European Union and United States actions against Chinese exports, two-thirds of trade investigations against China have originated by developing countries. However, recently the Bush administration asked the WTO to force China to crack down on pirated goods such as U.S. movies and software. Washington wants China to drop quantity thresholds, which are high enough that wholesalers and distributors can escape prosecution while selling pirated goods.<sup>166</sup> Further, the decline in foreign investment in Latin America and the competition with the Chinese textile industries has enticed Ecuador to limit Chinese investment and is a fundamental reason why Central American nations signed a 2005 free trade agreement with the United States, hoping to keep some textile companies nearby and not in China.<sup>167</sup>

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<sup>165</sup> Unattributed. “Senate Panel Passes Bill Aimed at Chinese Currency” *The Wall Street Journal*, 27 July 2007.

<sup>166</sup> Rebecca Christie. “U.S. Turns to the WTO in China Piracy Case” *The Wall Street Journal*, 14 August 2007.

<sup>167</sup> Kurlantzick. *Charm Offensive*, 62.

In Asia and Africa the situation is similar. Despite the “win-win” strategy, China has illustrated some measures of protectionism in their planned economy. Agricultural trade with neighboring Thailand and smaller textile companies, and manufacturers in Vietnam, Cambodia, Malaysia, and Indonesia have found it difficult to enter the Chinese market due to high barriers of entry like value-added taxes. China’s protectionism extends to their resource grab as well. In developing African states, China is often seen as simply taking the energy resources and leaving low-quality products in a local market, often undercutting local products and not reciprocating trade by supporting a developing nation’s exports. Ironically, Beijing has recently accused the U.S. as overly protectionist and an uncooperative trading partner, urging Washington to loosen its high-technology export controls if it wants to pare its trade deficit with China.<sup>168</sup>

Protectionism has caused China to illustrate little transparency and other aspects of good governance, despite their willingness to often share technology and conduct training and educational programs. Often Beijing’s third goal of the “win-win” strategy, to build a network of allies who share like concerns of nations intervening in other’s affair, means China’s state-led business model may undermine the rule of law. While Western operated companies are private and separated from their governments, Chinese companies do not operate under similar oversight. Western companies operating in China must therefore take drastic actions to sell their products in an often lawless economy. In an effort to combat rampant piracy Microsoft slashed the price of Windows Vista operating system by more than half in lure buyers away from pirated versions of the software. The price reduction seeks to spread legitimate Microsoft products in China and decrease the use of pirated software which was estimated at 82% last year.<sup>169</sup> In a ranking of eighty nations’ adherence to corporate responsibility, China placed sixty-sixth.<sup>170</sup> Without proper oversight from shareholders, a board of directors, democratically

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<sup>168</sup> Unattributed. “China Urges U.S. to Ease Controls on Tech Exports” *The Wall Street Journal*, 14 August 2007.

<sup>169</sup> Unattributed. “Microsoft Cuts Vista’s Price In China to Curtail Piracy” *The Wall Street Journal*, 6 August 2007.

<sup>170</sup> Simon Zadek “China’s Route to Business Responsibility” London, England, *Open Democracy*, 30 November 2005.

elected legislatures, and media Chinese companies will continue to operate with poor labor policies and horrendous environmental standards.

Recently, Berkshire Hathaway Inc., run by the Sage of Omaha, Warren Buffett, cut its stake in PetroChina Company the largest listed Chinese oil and gas producer. Under pressure from shareholders of Berkshire Hathaway, Mr. Buffett divested itself of shares due to allegations that PetroChina indirectly provides financial support to the genocide in the Darfur region of Sudan. Ironically, the reduction of shares was timed with a shocking and powerful full page ad in *The Wall Street Journal* by savedarfur.org indicating China is only publicizing its role in the Olympic Games and not the Darfur genocide. As Sudan's chief diplomatic sponsor, major weapons provider, and largest foreign investor and trade partner, China has more power than any other nation to persuade Sudan to stop the genocide.<sup>171</sup> Yet, without accepting responsibility, China has maintained their noninterference policy and strengthened economic and military ties. With the approaching Beijing Olympic Games Berkshire remains PetroChina's second-largest shareholder, but the selling of shares indicated a response to the allegations in an attempt to send a signal of the power shareholders hold to determine the actions of a company and western disapproval of China's actions. Of no surprise the company's largest holder is state-owned China National Petroleum Corporation which owns 88.2%.<sup>172</sup> The domination of stock owned by the Beijing indicates the inability of other shareholders to determine the company's actions, furthering state-led business' ability to undermine the rule of law.

To maintain the attractiveness of the Chinese economic and political model, Beijing does have to constrain itself somewhat by the law. To this point, Beijing has prosecuted many white-collar criminals, including senior officials at the Bank of China, and others to attempt to illustrate their ability to the law. Most recently, Zheng Xiaoyu, the head of China's State Food and Drug Administration was executed July 10<sup>th</sup> 2007

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<sup>171</sup> Unattributed. "Beijing Games, Darfur Genocide" *The Wall Street Journal*, 23 July 2007.

<sup>172</sup> Aries Poon. "Berkshire Hathaway Trims PetroChina Stake" *The Wall Street Journal*, 28 July 2007.

after convicted of accepting bribes from drug companies.<sup>173</sup> Yet, in the most nascent of the developing nations in Africa, Latin America, and Southeast Asia the rule of law, media, shareholders, board of directors and democratically elected legislatures do not exist. In these countries where leaders have no qualms about stealing and economic policy makers are not separated from politics, the state-dominated model of Chinese development may potentially be disastrous. Such a situation has invited Chinese companies to bribe the right individuals, adding to corrupt nations' behavior and angering those who respect good governance, faulting China for its lack of ethical standards.

Furthermore, Africa is by far the most apparent example of the potentially corrosive consequences of Chinese aid. Beijing's often limitless supply of aid to autocratic regimes may lead the public to question whether or not China does not interfere with a nations' affairs or not. Whether it is China's relationship with Sudan or the Angolan government, the Chinese often offer aid with only the condition of using Chinese firms, much to the satisfaction of the developing states' leaders who often hold disdain for Western policies. If China continues to use its influence to support elites or rebel groups, to the detriment of the general public, it is very clearly interfering with internal affairs.<sup>174</sup>

China's exportation of poor labor policies, environmental standards, health and safety records, economic suppression, and poor governance are rarely noticed due to China's lack of individual rights, repressed freedoms, and a state-controlled media. Despite the international reach of Xinhua and its modern look to appeal to nations worldwide, it still feeds news back to Chinese publications and the Communist Party. However, today it is picked up in newspapers across the developing world and even in first world countries. Xinhua is therefore treated as a real news source though it is essentially a branch of the government and receives its guidance from the Party's Publicity Department. Of course this produces the kind of news spin that every government would enjoy, producing few negative stories and only reporting on Beijing

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<sup>173</sup> Gordon Fairclough. "China-Product Scare Hits Home, Too" *The Wall Street Journal*, 20 July 2007.

and its policies in the most flattering and emulating light. Xinhua's reporters receive training on the necessary role of the Communist Party, and in return provide an intelligence service for top Chinese leaders. "Xinhua remains at the heart of censorship and disinformation system established by the Chinese Communist Party."<sup>175</sup> This past spring, the State Administration of Radio, Film and Television's Propaganda Administration Department announced a ban on discussion whether the media should be free and imposed new regulations on performing artists and internet users to ensure the promotion of only a "healthy socialist culture."<sup>176</sup> Foreign journalists were allowed unfettered geographical access through the 2008 Olympics, but guidelines published soon thereafter forbid those journalists from reporting on corruption issues, legal reform, efforts by activists to protect human rights, and coverage of past political catastrophes in which the 1989 Tiananmen Massacre was so taboo it was not addressed in the meeting to decide what was taboo. In fact, ninety-five percent of foreign journalists in China think reporting conditions in the country do not meet international standards and sixty-eight percent believe Beijing has not lived up to its pledge of complete freedom to report.<sup>177</sup> Therefore, the troubling aspects of China's labor, economic, environmental, and governance policies are difficult to find because of a lack of individual rights, free press, and a state-controlled media system.

The exportation of China's poor standards on labor issues, the environment, unfair trade agreements, and corporate governance has received the attention of many foreign opinion leaders and the general public, which could limit the effectiveness of the charm offensive. Whether it is underpaid workers, low safety standards, or potential environmental consequences of China's demand for resources, activists and politicians alike are beginning to campaign against China's actions. As China gains more power, the world media will focus more intensely on the inner problems of the PRC, decreasing the

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<sup>174</sup> John Prendergast and Colin Thomas-Jensen. "An Axis of Peace for Darfur: The United States, France, and China" <http://www.savedarfur.org>, accessed August 2007.

<sup>175</sup> "Xinhua: The World's Biggest Propaganda Agency" Paris, France, Reporters Without Borders, 2005.

<sup>176</sup> Sophia Richardson. "Olympic Word Games" *The Wall Street Journal*, 8 August 2007.

<sup>177</sup> Unattributed. "Foreign Media in China Say Freedoms Fall Short" *The Wall Street Journal*, 2 August 2007.

effectiveness of Xinhua, the otherwise censor of China's problems. Nations will see beyond the benign image of China's model and begin to see its faults and often negative reality.

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## VII. AMERICA'S SOFT SOFT POWER

### A. AMERICA'S SOFT POWER DECLINE

China has certainly attempted to fill the void of America's soft power decline in many regions of the world. In the 2005 BBC poll of twenty-two nations, not only did 48 percent believe that China's role in the world was mainly positive, but also only 38 percent thought the United States had a positive influence on the world. These results placed the United States on the same tier as Russia, a current near-authoritarian regime run by KGB veterans.<sup>178</sup> One year later, the 2006 BBC poll produced similar results and in some of the nations, Osama bin Laden received higher ratings than the United States, fairly shocking considering America is the world's leading communications society.<sup>179</sup>

In China, America's soft power decline and China's soft power rise are evident. In 1985 the Horizon Group asked Chinese citizens their views of the most prominent countries in the world, one-third ranked the United States most prominent and only thirteen percent chose China. Throughout the 1980's and the early 1990's, Chinese academics and students idolized the U.S. political system and tuned to Voice of America, long the flagship of U.S. broadcasting abroad, for their news. In the 1980's some 70 percent of Chinese university students trusted the Voice of America, and 75 percent distrusted the Chinese controlled media, all of which would shift in the 1990's.<sup>180</sup> After the Tiananmen Square incident, the Horizon Group returned in 2003 to poll the same questions as years earlier. The results showed nearly 40 percent of respondents picked China as the most prominent country in the world and the United States was placed second.<sup>181</sup> Perhaps the decline of Chinese broadcasts of Voice of America 14 hours instead of 19 hours each day, decreasing the chances of reaching out and sharing

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<sup>178</sup> "KGB Veterans' Rise Clouds Russia's Future" *The Wall Street Journal*, 25-26 August 2007.

<sup>179</sup> College Park, Maryland, Program on International Policy Attitudes, "23 Nation Poll: Who Will Lead the World?" 15 November 2004 – 5 January 2005. Program on International Policy Attitudes, "33 Nation Poll on Views of Countries" February 2006.

<sup>180</sup> Horizon Research Group 1985.

<sup>181</sup> Horizon Research Group, 2003.

American public diplomacy, values, and culture is partially responsible for the decline in America's attractiveness in China.<sup>182</sup> Likewise, the noninterventionist policy of China contrasted to the interventionist policy of the United States contributes to the America's popularity decline in China.

China's soft power rise does not necessarily depend upon America's soft power decline. However, as America's appeal continues to plummet the losses will contribute to China's growing appeal, creating great gains for China's charm offensive. Therefore, it is most important to understand why America's soft power has recently declined. At the end of the Cold War there was no competitor in the world for soft power. Russia was preoccupied with itself attempting to discover capitalism and democracy at once, and China remained quiet and secluded in the wake of the Tiananmen Square incident. Democracy and capitalism were spreading throughout the world, and leaders of newly democratic countries looked to the United States for leadership. Likewise, American companies dominated the information technology revolution, boosting the U.S. economy and placing American businesses at the leading edge of the twentieth century. American music, film, and media dominated markets in regions all over the world, and the English language was quickly becoming the international language. However, with the Cold War won, America's soft power was at its peak and a shift in foreign policy began its decline.

America had spent the entire Cold War building reservoirs of goodwill all over the world, serving as a beacon of morality, democracy, and capitalism. The United States had developed the United Nations to integrate itself with the world and to create a multilateral order in trade, aid, and diplomacy. However, in the 1990's Washington began to look inward and ignore many of the world's problems, never taking advantage of the goodwill it had amassed through the world or the multilateral organizations it had built. This change in foreign policy greatly affected the programs that had contributed to America's victory in the Cold War. The White House and Congress decreased funding for foreign affairs from more than \$5 billion in 1994 to \$3.64 billion in 2000. During the same period, the State Department could only afford to replace 53 percent of its staff lost

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<sup>182</sup> Joseph S. Nye Jr. "The Rise of China's Soft Power" *The Asian Wall Street Journal*, 29 December 2005.

through retirement, resignation, and other means of separation.<sup>183</sup> U.S. public diplomacy and its associated programs designed to influence public opinion abroad received a decrease in funding. International exchanges which introduced future foreign leaders to the United States, and libraries and American Centers operated by the United States Information Agency (USIA) which provided foreigners a window into American culture were severely decreased. Eventually, the USIA was merged with the new undersecretary for public diplomacy at the State Department and its libraries were closed as many other means of broadcasting American trends to foreign audiences including sponsored tours by artists and musicians were decreased. In the four years between 2001 and 2005, the undersecretary for public diplomacy was filled on an interim basis for two years, spending only \$1.2 billion on important broadcasts, exchanges, visa programs, scientific and technological cooperation, and development assistance; 450 times less than what America spends on hard power.<sup>184</sup> Not surprisingly, State Department funding for educational and cultural exchange programs declined each year between 1993 and 2002 and by the late 1990's the USIA, the main outlet of public diplomacy had half as much staff as it had in the 1960's.<sup>185</sup>

Washington's leaders also focused inward and turned away from the multilateral organizations it had created, portraying the image of the United States as a unilateral actor. The United States failed to ratify the Kyoto Protocol, the International Criminal Court, and President Clinton never pushed for their ratification. The shift to unilateralism was a clear indication that the United States would no longer support the multilateral institution it had assisted in creating. More significantly, the Clinton administration refused to intervene in the genocide in Rwanda, undermining America's credibility as a moral actor, and did not respond quickly to the financial meltdown in Thailand. These slow responses created an image of the United States as unwilling to provide to the world

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<sup>183</sup> New York, New York, Foreign Affairs Council, "Secretary Colin Powell's State Department: An Independent Assessment" March 2003.

<sup>184</sup> Joseph S. Nye Jr. "Rice Must Deploy More 'Soft Power'" *The Daily Star*, 25 January 2005.

<sup>185</sup> U.S. Department of State, Bureau of Educational and Cultural Affairs budgets, 1993-2002. Juliet A. Sablosky, "Recent Trends in Department of State Support for Public Diplomacy, 1993-2002" Center for Arts and Culture, 2003.

in great crisis, or lead as a moral leader. To contribute to the image of America's inward focus, as democracy and capitalism swept through developing areas of the world such as Latin America and Africa, Washington failed to welcome and embrace the newly empowered leaders. Democracy and capitalism, the two important entities the United States pushed for since the end of the Second World War, had been achieved, yet Washington never attempted to gain the trust of the new actors, and should have leveraged the fact that America's promotion of democracy had assisted in their empowerment. At home in the United States, the retreat from global affairs appealed to most of the American public. Polls taken in 1993 and 1997 revealed that seven out of eight people thought that the United States should not be the globe's sole leader.<sup>186</sup> Clearly the Clinton Administration agreed in terms of group leadership, and soon a global Americanization grew, breeding wide resentment.

America's cultural and corporate power grew unchallenged in the 1990's and many citizens of developing nations viewed American-led globalization as a threat to their societies and identities. As Washington ignored concerns that U.S. film, media, and products would overwhelm local industries, America's free trade initiatives fostered anger abroad. Free market capitalism failed to deliver strong growth to developing nations and the 1990's turned into a period of disappointment as the free markets led to rampant corruption and unfulfilled expectations in developing nations and emerging markets. By the end of the decade the United States had never fully taken advantage of the goodwill it had amassed for the previous five decades and foreigners no longer took notice of U.S. aid. The image of the United States as a promised land, distant, exotic, and glamorous had faded. Instead, the fear of American-led globalization, Americanization, had spread rampantly resulting in violent anti-U.S. and anti-globalization protests at the International Monetary Fund, the World Trade Organization, and the World Bank, all multilateral organizations the United States had built during the Cold War, and turned away from in the 1990's as it focused inward.

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<sup>186</sup> Andrew Kohut and Bruce Stokes, *America Against the World* (New York, NY: Times Books, 2006), 73.

In the early 1980's many countries criticized Washington's decisions and policymakers, but American culture, companies, and people remained popular. In a 1983 Gallup poll many Europeans illustrated disdain for President Reagan's policies, but approved of the American way of life.<sup>187</sup> However, the end of the Cold War marked the peak of American soft power and since the decline has continued. The decline has continued since 2001 and 2003 with the invasion of Iraq to the point that dislike for American policy has carried over into dislike of American culture, people, companies, and even American values. In a 2002 poll of forty-three nations, majorities of people in thirty-four nations were not pleased with the growing influence of America, not just American policy. In a similar study, large percentages of respondent in eighteen nations had a declining view of American people between 2002 and 2005.<sup>188</sup> America's values and sense as the land of opportunity has declined, reflected in a 2005 Pew study of people from sixteen countries, in which respondents were asked where to send a young man to lead a good life. America was not even in the top five. American brands have also decreased as a study by Anholt-GMI found that the United States ranked eleventh overall in terms of its cultural, political, popular, and business attractiveness.<sup>189</sup> Specifically, these declining trends have been caused by America's shift in the aftermath of 2001, from the selective interventionism of the 1990's to intense engagement with the world, often alienating former friends, and raising concerns of Washington's excessive involvement in other nation's affairs.

September 11 required tougher security measures which have made it more difficult for foreigners to obtain American student, work, and tourist visas, all of which were necessary, but alienated foreigners in the process. Visa costs quintupled between 1998 and 2004, new security restrictions slowed reviews of visa applications, and refusal rates have increased dramatically between 2000 and 2003.<sup>190</sup> In 2003, the number of foreign students at American universities fell for the first time since 1971, detrimental to

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<sup>187</sup> Kohut and Stokes, *America Against the World*, 24.

<sup>188</sup> Nye. *Soft Power*, 6.

<sup>189</sup> Kohut and Stokes, *America Against the World*, 34.

<sup>190</sup> Thom J. Rose, "US Visas: Applications Down, Prices Up" *United Press International, The Wall Street Journal*, 15 April 2004.

America's soft power as foreign students return home carrying American ideas, values, and culture. These students add to America's soft power and as Secretary of State Colin Powell said at the time, "I can think of no more valuable asset to our country than the friendship of future world leaders who have been educated here."<sup>191</sup> Equally importantly, the White House has made significant mistakes in public diplomacy, including failing to develop an effective public diplomacy strategy understanding that information is power, and today a much larger part of the world's population has access to it. Technological advances have led to an information explosion where rumor and anti-American sentiment can spread around the world instantly; publics are sensitized to propaganda, increasing the need for solid credibility increasing U.S. diplomats need to promote America's appeal and values."<sup>192</sup>

The Bush administration has attempted to revive the Foreign Service and foreign aid. Secretary of State Rice developed the Millennium Challenge Corporation to deliver aid to well-governed developing nations, demonstrating to emerging markets that America had returned to the aid game. Additionally, Secretary Rice shifted more than one hundred Foreign Service officers away from overstaffed and comfortable posts in Europe to developing countries where they are much needed. She has also sought to reopen many one-person Foreign Service missions in the developing world, extending the American government's presence. However, the war on terrorism has stretched the Foreign Service thin with large missions in Iraq, Afghanistan, and other hotspots in the war on terror, to the point that the United States lacked an ambassador in Australia for eighteen months (2004-2006) and agents will be continuously impeded by security measures which will put them at an increasing disadvantage compared with diplomats from countries not threatened by terrorism.<sup>193</sup>

Washington's focus on terrorism since September 11<sup>th</sup> adds to potential alienation overseas. In only a small number of countries does the threat of terrorism exist, and to the remaining developing nations of the world, one focus by the world's superpower, which

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<sup>191</sup> Joseph S. Nye Jr. "You Can't Get Here From There" *New York Times*, 29 November 2004.

<sup>192</sup> Joseph S. Nye Jr. "Rice Must Deploy More 'Soft Power'" *The Daily Star*, 25 January 2005.

<sup>193</sup> Sarah Stockman, "US to Shift Envoys to Developing Countries" *Boston Globe*, 19 January 2006.

ought to be able to focus on many issues at once, appears unwise. Such an example is found during the meeting of the Asia Pacific Economic Cooperation (APEC) group in Chile in 2004, in which President Bush focused on counterterrorism cooperation and weapons of mass destruction, despite APEC's natural inclination to focus on issues of economics and business.<sup>194</sup> The president's comments and focus alienates many foreign leaders, calls into question why the United States cannot fully use its multilateral organizations to balance many issues at once, and illustrates Washington's distraction from other major developments in the world today such as the rise of China's soft power.

Worse than Washington's indifference towards multilateral organizations, and extreme focus on the war on terror, are the potential abuses at Guantanamo Bay, undermining the attractiveness of America as a leader of human dignity and human rights. These excesses detract from America's values and weaken our ability to promote democracy and human rights abroad, as developing nations are able to highlight America's hypocritical actions. China's annual report on America's human rights record used to simply point out income disparity in America, but in the 2005 report made a larger statement, "In 2004 the atrocity of U.S. troops abusing Iraqi POWs exposed the dark side of human rights performance of the United States...the scandal shocked humanity and was condemned by the international community."<sup>195</sup> Clearly, China is attempting to direct the international spotlight away from its own human rights violations and highlight the few that exist within the United States, thereby decreasing America's soft power.

A freer and more capable international media has magnified Washington's mistakes and America's faults, such as the Hurricane Katrina debacle or the controversy over the 2000 presidential election. Satellite television stations such as Al Jazeera, which tends to be critical of the United States and the expanding access to the internet, have spread through the developing nations of the world. These media outlets have made the White House's actions instantly accessible to people around the world and assisted in

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<sup>194</sup> Jane Perlez, "Letter from Asia: China is Romping with the Neighbors (US Is Distracted)," *New York Times*, 3 December 2004.

making American policy as unpopular as at any point in modern history. The Anti-Americanism has spread to our allies, such as a recent poll of South Korea indicates. Roughly half of young South Koreans surveyed indicated their nation should support North Korea if Pyongyang and Washington went to war. Only 11.6 percent thought that South Korea should support America in the same conflict.<sup>196</sup> America's unpopularity has continued with the decline of international graduate school applications to U.S. universities, which decreased 28 percent between 2003 and 2004, the first decline in more than three decades. Granted part of this decline is attributable to the State Department's increase in security measures, but a further drop of 5 percent between 2004 and 2005 indicates that America's overall attractiveness has certainly declined.<sup>197</sup>

The unpopularity of the United States matters a great deal. Despite China's rise in attractiveness and the overall effectiveness of its charm offensive, the decrease in Washington's soft power, potentially forces the United States to resort to hard power means of persuasion to meet American objectives. Without soft power, the United States will have to resort to relying on military force to protect U.S. national interests and find itself in a position where it cannot recover its soft power due to the overuse of its military. Since the war in Iraq, Americans are unloved, and Washington has failed to understand why democratization in Africa, Latin America, and Asia has changed international relations. Many leaders of democracies have felt unable to support the United States; simply because Washington failed to use the multilateral organizations it created to fight the war on terror. Instead a 'go it alone' approach has alienated other democracies and even those plagued with terrorism in their country, such as Indonesia, highlighted by the 2002 Bali bombing, refuses to cooperate with Washington. Unlike the past when the people of a democratic country who loved and supported the United States would support their leader to join efforts with Washington, the decline in America's soft power has enabled democratically elected leaders to ignore Washington's requests.

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<sup>195</sup> "Human Rights Record of the US in 2004" Beijing, China, Information Office of State Council, March 2005.

<sup>196</sup> Park Song-wu. "48% of Youth Would Side with North Korea in Case of US Attack" *Korea Times*, 22 February 2006.

<sup>197</sup> Council on Graduate Schools, International Graduate Admissions Survey 2004, 2005.

Mexico, Chile, and Turkey did just that in the votes at the United Nations to endorse war against Iraq, and Turkey further refused to provide a base for the invasion causing no initial U.S. troop presence in northern Iraq.

America has yet to restore its popularity throughout the world. The flawed interventionism of the 1990's promoted by the Clinton administration set the stage for America's declining soft power, essentially ignoring the developing nations of the world. However, the post – 9/11 reengagement of the world in the twenty-first century is a step in the right direction, but it is carried out through unilateral action and public diplomacy that does not win the ear of the developing world. However, this is not the end of America's soft power, as the democratic values, individual liberties, and the American dream remain attractive to many overseas. America needs to draw upon these strengths to counter the Chinese charm offensive. In some cases America has done this well recently through its response to the tsunami in Indonesia, deployments of the USNS Comfort to Central and South America, the USNS Mercy to Southeast Asia for a return deployment in the wake of the tsunami, and the use of the USS Emory S. Land in its travels throughout Western Africa.<sup>198</sup> However, America's use of its soft power needs to extend beyond its military and until Washington begins to use its inherent strengths as it did for the five decades of the Cold War, Beijing will be able to wield its soft power to push against American power and potentially threaten American interests.

## **B. HOW CHINA'S SOFT POWER WILL ASSIST GLOBAL STABILITY**

China's soft power has often benefited the United States where Chinese and American interests coincide. In Central Asia, Beijing has used the Shanghai Cooperation Organization, a multilateral organization focused on Central Asia, to prod the Central Asia governments to assist with counter-terrorism efforts, promote regional economic cooperation, and be a growing market for consumer goods. In a sign of increasing engagement with the United Nations, Beijing sent one thousand peacekeeping troops to

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<sup>198</sup> Tom McCawley. "US Tsunami Aid Still Reaps Goodwill" *Christian Science Monitor*, 28 February 2006.

southern Lebanon after the Israel-Hezbollah war.<sup>199</sup> Despite its often ungoverned aid to countries like Sudan, China is attempting to work with other aid donors such that its own assistance does not interfere with that of the World Bank or the International Monetary Fund. China has strived to improve its transparency in aid donation and considered the establishment of a permanent aid bureaucracy similar to that of the United States Agency for International Development (USAID).<sup>200</sup> Such an action will certainly make the Chinese more accountable for their disbursement of aid and break the link between immediate political and economic needs with the supply of government funded programs.

Beijing may be warming to the idea that supporting authoritarian regimes can foster instability and perhaps in the long run will adversely affect China. Recent actions along the Chinese-Burmese border to fight narcotics, decrease human trafficking, and eliminate gambling illustrate Beijing's eagerness for Burma to reconcile its domestic disputes. China has even placed Burma's human rights crisis on the agenda for the UN Security Council, all of which are bold moves for a state dedicated to forming a circle of allies who do not involve themselves in another nation's affairs.<sup>201</sup>

In matters in which the United States has little influence, China's assistance creates the image that all pressures are not purely American initiatives. China is especially likely to employ this example when Beijing fears that instability in another nation could spill over into China, such as in the case of Burma, Central Asia, and especially North Korea. Beijing has long desired a leading role in the region, and now it can have it in regards to the DPRK and the responsibility for success as well. Allowing China to create the conditions for a peaceful resolution will push it firmly into a multilateral stance vis-à-vis its neighbors. The demands on President Hu Jintao not to have Chinese dignity besmirched by Kim Jong Il will help ensure a realistic proposal from China and allow an agreement to be settled upon. With Japanese and South Korean support, such a Chinese role may allow regional security mechanisms, such as the East Asian Community to move forward, reducing the chances of similar crises in the future.

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<sup>199</sup> Sam Knight. "China to Send 1,000 Peacekeepers to Lebanon" *London Times*, 18 September 2006.

<sup>200</sup> Kurlantzick. *Charm Offensive*, 202.

<sup>201</sup> "UN Votes to put Burma on Agenda" BBC News, 16 September 2006.

For Washington, there are few proposals short of force to end Pyongyang's weapons programs. However, recent bilateral negotiations between Washington and Pyongyang have resulted in North Korea's agreement to declare and disable all nuclear facilities by the end of the year. Nevertheless, a successful maneuvering of China into the central role in this crisis will be the truest test of Washington's leadership.<sup>202</sup>

Likewise, China's soft power has enabled a growing market for developing nations' commodities, more so than the United States. China has allowed African, Asian, and Latin American nations to amass large trade balances to partially pay off some of the debt created during the 1990's and reduce the risk of financial instability. In this manner, China has drawn a great deal of attention away from U.S. firms operating in Latin America as these firms address their own obstacles to economic competitiveness in fear of losing foreign direct investment to China. In Africa, China is having the same effect, which has spread to Southeast Asia as well, forcing countries to operate more efficiently and through better business practices to ensure they receive foreign direct investment and not lose everything to China.

### **C. HOW CHINA'S SOFT POWER WILL THREATEN GLOBAL STABILITY**

China's increasing soft power is already having a strategic impact on U.S. foreign policy. Competing American and Chinese demands for energy may eventually lead to a clash over resources. As discussed earlier, China has enjoyed a great deal of success winning access to oil and gas through its state-run firms. Beijing will ensure China has secured resources throughout Latin America, Africa, and Southeast Asia as its economy continues to grow. In Venezuela, President Hugo Chavez has announced plans to double oil exports to China, and build a shipping fleet making an investment in long-term growth in exports to China. Coincidentally, China's state-owned firm Sinopec is planning to upgrade a pipeline from Venezuela through Panama and to the Pacific, orienting Venezuela toward China.<sup>203</sup> Venezuela may lead the path for other Latin American

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<sup>202</sup> Michael Auslin. "The China Card" *The Wall Street Journal*, 2 February 2006. Andrew Ward. "US ready to talk tough to get APEC deal" *Financial Times*, 3 September 2007.

<sup>203</sup> William Ratliff. "Pragmatism Over Ideology: China's Relations with Venezuela" *China Brief*, 15 March 2006.

countries to shift resources to China and away from the United States. If this is the case the Chinese military may find itself in Latin America to ensure China's resources are protected and secured. Such an event would ensure a closer relationship between the People's Liberation Army and many Latin American militaries, and directly threaten the United States. A similar situation is unfolding in Nigeria, America's fifth largest supplier of oil, as China was granted \$4 billion worth of preferential Nigerian exploration rights and has gained leverage with its noninterference policy. As China is more in direct conflict with America's need for vital resources, such events may lead to a clash over resources between Washington and Beijing.

China's soft power may also force countries to decide between Washington and Beijing. China's benign image has made other countries feel more comfortable establishing closer ties to Beijing and nations in Asia, Latin America, and Africa are using Beijing as a hedge against America's soft power. China has supported nations such as Uzbekistan to decrease formal ties with the United States and is pushing against American power in Asia, evident in multilateral forums such as the East Asia Summit which excludes the United States. It is possible that increased military operations between China and Thailand and the Philippines could continue to pull China into a position where it can push both countries to distance their close relations with the United States. As previously discussed Beijing's ability to encourage nations to formally renounce Taipei and establish official ties with Beijing is successful. If this continues to gain momentum, and Taiwan is left unrecognized by the world's majority, Beijing may strike at the island in an effort to reunify. Such an action would cause Asian nations to choose between Beijing and Washington, and at the moment Beijing may be gaining the upper-hand.

China may possibly seek to push America's closest allies to choose between Beijing and Washington. For five decades Australia and the United States have been allied via the ANZUS treaty. However, during an October 2003 visit to Australia, President Bush witnessed a great deal of anti-Americanism, an interruption of his address to the Australian Parliament, and more greetings of disapproval than approval. Days later, Chinese president Hu Jintao became the first Asian leader to address Australia's

Parliament and received a warm welcome compared to President Bush, partially because of China's industrial rise which has created an economic boom for the region. Prior to Hu's departure China and Australia signed the framework for a future free trade agreement. Most recently, Bush's visit to Sydney for the APEC forum has put much of the city in lockdown such that local papers dubbed the city 'Fortress Sydney.' Large scale demonstrations including one organized by the Stop Bush Coalition was planned for President Bush's final day in Sydney.<sup>204</sup> Australia's responses to the Hu and Bush visits represent a shift in Australian public opinion as perhaps Australians feel as if their interests are diverging from those of America. Captured in the 2005 poll by Australian research organization the Lowy Institute, in which half the Australians surveyed had positive feelings about the United States, 57 percent viewed America's foreign policies as a potential threat, 70 percent viewed China positively, greater than 50 percent supported a free trade agreement with China, while only 32 percent supported such a pact with the United States.<sup>205</sup> China has aggressively sought to win Australia, increasing cultural exchanges, sending large diplomatic corps for official visits, extending their hand for a strategic partnership, and promoting the importance of China's demand for natural resources to the Australian economy. Effectively, China is Australia's second-largest trading partner and the Australian mining sector is booming, receiving a great deal of media coverage, portraying China's benign image.

Perhaps the most dangerous aspect of China's charm offensive to not only the world, but also to American influence, is Beijing's wooing of countries such as Iran, Uzbekistan, and Sudan. All three are rigid authoritarian regimes, with little respect for human rights, and have bought China's model of controlled development and no political change. Despite China's advancements since 1978, Beijing remains an authoritarian country, with unfulfilled promises of political reform and individual freedoms. China's central government places strict limits on people's religious practice and government

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<sup>204</sup> Maura Reynolds. "Australia won't scale back Iraq force; Appearing with Bush, prime minister rejects calls for a withdrawal" *Los Angeles Times*, 5 September 2007.

<sup>205</sup> "Australians Speak 2005: Public Opinion and Foreign Policy" Sydney, Australia, Lowy Institute Poll, 29 March 2005.

employees and students are not allowed to worship the religion of their choice.<sup>206</sup> In many ways, China is opening its economy, but not moving forward with any political change, especially in its ways to continue to support strict authoritarian regimes. Granted Beijing's support for these strict regimes stems from its noninterference policy, which runs contrary to American foreign policy. Though Washington and Beijing agree on a few issues, generally the United States and China do not agree on how diplomacy and international affairs should be conducted. Beijing may be persuaded to support better governance along its borders, such as in Burma and North Korea, countries with limited resources and regimes which potentially spread instability in China. However, it is much more difficult to persuade China to act against strict authoritarian regimes with resources such as Iran, Uzbekistan, and Sudan or whose policies have no direct impact on China itself. In the decades to come the disagreement in how international affairs are to be conducted, the tightening of resources around the world, and as China's support by its allies grows through its global soft power, conflict between Beijing and Washington is likely.

Not only are the citizens of the authoritarian regimes suffering from China's influence, but also China's support for dictators damages American interests. China's support for Iran, Sudan, Uzbekistan, and Venezuela to name a few makes Washington look weak and reduces pressure on these unstable actors. China's support of the genocide in Sudan illustrates the difficulties the United States as the world's only superpower has dealt with to attempt to end the genocide. In Venezuela, Beijing's ties increase Chavez's regional support and cause. In Iran, China has prolonged the Iranian nuclear stalemate by reducing pressure on the dangerous state, making America's and the European Union's efforts more difficult, and increasing the likelihood of Tehran acquiring nuclear weapons. In these examples, Beijing weakens Washington's global influence and forces America to speak loudly but carry a small stick with not enough influence to persuade enough nations to support its pressure on dangerous authoritarian regimes. Hopefully in the near term Beijing will realize the dangers of associating itself with countries like Sudan, Iran,

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<sup>206</sup> Gordon Fairclough. "On the Silk Road Again" *The Wall Street Journal*, 25-26 August 2007.

and Venezuela without interfering with their domestic policies. If these countries ever made progress towards democracy, Beijing could face sizable backlash for its past support of authoritarian rulers.

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## VIII. AMERICA'S RESPONSE

China has demonstrated that it can effectively charm developing countries, often focusing on those America has alienated in the recent years. In such a process, China also portrays a benign image of itself. As Beijing seeks to develop China-centered spheres of influence around the world, it has brought longtime American allies such as Australia closer. However, China's soft power does not yet approach that of the United States. Washington will continue to remain the essential power in world affairs. "When it comes to soft power, it will take much longer before it can make an impact close to what the U.S. enjoy now."<sup>207</sup> America will likely regain its appeal and rebuild its soft power just as it has in the past. However, U.S. policymakers need to critically observe and understand how China exerts soft power, that China's soft power is dangerous to developing nations, and that elements of China's charm offensive seek hard power objectives which will threaten U.S. interests.<sup>208</sup> Washington must respond accordingly.

The United States remains the world's unchallenged military power, which does not necessarily ensure soft influence, but can complement soft power tremendously. Military power deployed for humanitarian missions such as the 2004 tsunami relief in Indonesia, improves a nation's popularity. The tsunami efforts demonstrated that only the United States has the capabilities to move aid overnight to any region of the world. The American public diplomacy efforts were highlighted by a sharp decline in a survey of Indonesians in January 2006 which found that unfavorable views of America had dropped from 48 percent in 2004 to 13 percent.<sup>209</sup> Indeed, America and Indonesia are closer since the tsunami and through return visits of American naval assets and the USNS Mercy, relations are improving.

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<sup>207</sup> Nye. *Soft Power*, 84.

<sup>208</sup> Joshua Kurlantzick. "China's Charm: Implications of Chinese Soft Power" Washington D.C., Carnegie Endowment for International Peace (June 2006): 1.

<sup>209</sup> Tom McCawley. "US Tsunami Aid Still Reaps Goodwill" *Christian Science Monitor*, 28 February 2006.

America's military power, blue-water navy, basing agreements around the world, and rapid reaction forces make the United States a prime choice as a security partner. America is the only nation in the world which can act as a global policeman especially when supported by the very multilateral organizations it created. The United States' economic power is also far beyond the reach of any other. By the numbers China still remains a developing country with a very low gross domestic product per capita, as America's continues to increase. Current American investment in developing countries is higher than that of China. Also America remains the land of innovation for science and technology, therefore, is seen as a favorable economic partner over China.

Despite the popularity increase in Chinese-language studies and cultural institutes, American culture remains in the lead. The United States is the largest source of film, media, television, music, art, and literature. The American university system is unmatched throughout the world and foreigners still want to study in the United States, despite declining application numbers which mostly reflects new security measures put in place after September 11<sup>th</sup>. China does not have cultural industries like Hollywood and it lacks the many non-governmental organizations that generate much of America's soft power. Most importantly American values, political model, and social model appeal to people throughout the world. Politically, China suffers from corruption, inequality, and a lack of democracy, human rights and the rule of law. While China's noninterference policy, economic directed growth by the state, and respect for other nation's internal affairs do enjoy some appeal by authoritarian regimes it undercuts China's soft power in the West.<sup>210</sup> China is simply unable to offer the values that America does. A free, rights-oriented political system and economy is the vision of the future for the globalized world, yet China has failed to offer this perspective as communism remains the political system of choice in Beijing.

China currently faces serious problems as to how to continue to build its soft power. Recent international media has highlighted the difficulties and flaws of China's domestic economic system and the associated exports. China's exportation of labor,

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<sup>210</sup> Joseph S. Nye Jr. "The Rise of China's Soft Power" *The Asian Wall Street Journal*, 29 December 2005.

environmental, and governance problems alienate the citizens of Latin American, African, and Southeast Asian nations. Promises of aid and investment may take years to materialize, though Beijing has increased expectations about its potential as a donor and investor as part of the “win-win” strategy. Beijing’s noninterference policy and support for autocratic rulers has caught the eye of the international public, causing international criticism and more media attention. However, Beijing cannot simply step away from its noninterference policy and “win-win” strategy without raising fears of China’s intentions to meddle in other nation’s affairs, and therefore weakening the benign image it has portrayed. Additionally, China cannot use the multilateral organizations it has created or is associated with as a facade for its hard power objectives. Any decision by Beijing that may appear arrogant or indicate Chinese dominance may cause severe backlash, as the multilateral organizations serve as a means for smaller states to restrain China’s regional dominance. China’s trade relations could limit their soft power if it continues to build surpluses with the developing world. To the states in Africa, Southeast Asia, and Latin America, Beijing could quickly resemble the colonial powers who took the resources they needed doing little to improve the host nation, yet leaving behind larger labor, environmental, and governance problems. While China’s culture provides some soft power, Beijing’s domestic policies and values set limits, where fears arise in allowing too much intellectual freedom and outside influence.<sup>211</sup>

Washington is the obvious choice for developing nations to turn to when relations with Beijing head south. In this respect, the United States must be prepared to leverage Beijing’s charm on issues of interest to both China and Washington, while rebuilding America’s soft power to counter China on issues where the two states’ interests diverge. Therefore, America must understand how China exerts its soft power. To gain and build this comprehension, Washington must create more American missions in China, and apply its Cold War strategy of employing at least one person at each embassy to study what the Chinese are doing in terms of aid, investment, public diplomacy, and all hard and soft power aspects in that country each day. With a better understanding of China’s soft power, Washington can determine where Beijing’s soft power threatens American

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<sup>211</sup> Nye. *Soft Power*, 89.

interests. Such interests include other nation's territorial integrity, support for America in conflicts world-wide, control of sea lanes, access to resources, formal alliances with foreign nations, and the promotion of democracy and good governance.

In the event of global economic problems to include recession and depression the world will look to America and China. If the problems originate in China, the China model and associated soft power will decline, as the eyes of the world turn to America for assistance. However, if America is to blame for a global recession, China will reap the benefits and American soft power will continue to decline. Well managed fiscal and monetary policies by both China and the United States will prevent such a global economic problem, especially as the two countries become more economically entwined. If ever there was to be a problem, chances are it will originate from the Chinese market, calling for the United States to assist either directly or through its multilateral organizations such as the World Bank or International Monetary Fund, bolstering America's soft power and the appeal of a country whose values, culture, and public diplomacy resonate with most of the world.

Rebuilding America's soft power will require a clear and concise national public diplomacy strategy. The appointment of an internationally known figure as the U.S. public diplomacy czar will enable greater reach to elites and the average public abroad. The budget declines of the 1990's will have to be recovered to provide increased cultural exchanges, strengthen the Voice of America, reestablish many lost American library facilities and cultural programs, and streamline the visa processing system while incorporating new security measures to prevent the alienation of foreign travelers. Broadcasting America's image, culture, values, and public diplomacy requires that of a fair reporting outlet. Whether this is the use of Voice of America or the support of independent or foreign media organizations who report on the United States, it is important to allow the free speech of the media and accept a few criticisms when deserved. Providing counter-terrorism programs in addition to much needed social and economic development to many parts of the developing world produces a surge in soft power. A study of public perceptions of America in Morocco and Indonesia found that when locals learned about specific U.S. assistance programs, America was viewed more

positively.<sup>212</sup> Likewise, ensuring recipient nations receive the appropriate aid will increase America's soft power. The recognition that American assistance must be provided to local organizations within countries rather than U.S. aid groups or businesses will greatly distinguish American assistance from Chinese aid linked to contracts for Chinese firms. Also it may be important to ensure that the citizens of those countries are informed about such aid programs from the U.S.

Washington can learn a great deal from Beijing in rebuilding its public diplomacy. China has encouraged its diplomats to return to one nation for multiple tours and to learn local languages. However, since the U.S. Foreign Service cannot force repeat assignments to one nation, it can encourage return visits through incentive programs, whether financial or otherwise, and promote officers to focus on one region of the world greatly increasing the effectiveness of diplomats. Increased language skills would not only allow diplomats to speak with more of the country they are assigned to, but also provide a sense of commitment to the recipient state. In China's formal diplomacy it generally brings cabinet-level officials, a lesson Washington could learn by ensuring more members of government venture outside America more often. Likewise, during visits overseas, perhaps leaving the American agenda aside occasionally and simply listening to other countries' concerns would be of great value. "When we don't talk to people and listen, even our enemies, that makes us look arrogant, rather than humble" says Joseph Nye.<sup>213</sup> America must illustrate its desire to learn more from the world, remain humble, listen more often, build trust with many, and engage with regional groups and the multilateral organizations it developed reservoirs of goodwill with after the Second World War.

Aside from the increase in public and formal diplomacy practices, American policies must improve. Washington must put aside its unilateral actions and 'go it alone' approach and return to the multilateral institutions it created, to rectify the American bully image. "The costs of a unilateral, we are the big guy, we will do it our way policy is

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<sup>212</sup> Kohut and Stokes. *America Against the World*, 26.

<sup>213</sup> Joseph S. Nye Jr. cited in Jackie Northam. "Bush Team Explores Use of 'Soft Power'" Washington D.C., *National Public Radio*, 23 March 2007.

very expensive...people are less willing to do what we want.”<sup>214</sup> While this does not mean supporting multilateral organizations which may limit American sovereignty it does call for supporting the modern international system Washington is responsible for. Certainly developing nations want to follow America’s lead and see America involved in the world. Most are able to accomplish this through participation in multilateral organizations that the United States is a member of, taking advantage of opportunities to interact and promote America as a symbol of economic freedom, individual liberties, and a country committed to economic prosperity.

In a post-Iraq War and in a well-connected world, America must succeed in broadcasting its story. Success no longer depends on whose army wins, but rather which story wins. Credibility has become a contest and governments compete with each other and other organizations to enhance their own credibility and weaken that of their opponents. America needs more strategic communication to bolster its credibility and its story to increase its soft power which is of the utmost importance to achieve the promotion of democracy and human rights. Coercive diplomacy has its limits, as the Bush administration has found in Iraq. Therefore, America needs to employ a strategy post-Iraq War for how the government should relate to non-official generators of soft power, everything from Hollywood to Harvard to the Gates Foundation, that emanate from American civil society in addition to creating sound strategic communication and a strategy to employ soft power.<sup>215</sup> Washington needs to recognize the importance of both hard and soft power, and debate a strategy at integrating them into everyday public diplomacy, government operations, foreign policy, and American culture and values.

Most importantly, America’s core values continue to resonate with the rest of the world. A free, rights-oriented political system attracts not only the average person in an autocratic society, but also the elite of democratic societies. For example, in explaining a new movement toward using lawsuits to assert rights in China, a young Chinese activist

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<sup>214</sup> Joseph S. Nye Jr. cited in Jackie Northam. “Bush Team Explores Use of ‘Soft Power’” Washington D.C., *National Public Radio*, 23 March 2007.

<sup>215</sup> Joseph S. Nye Jr. “Rice Must Deploy More ‘Soft Power’” *The Daily Star*, 25 January 2005. Joseph S. Nye Jr. “In Fighting Terrorism, Bush Has Forgotten to Use ‘Soft Power’” *The Daily Star*, 25 October 2005.

explained, “We’ve seen a lot of Hollywood movies that feature going to court. So now we think it’s only natural to go to court a few times in your life.” If American objectives include the strengthening of the legal system in China, such films may be more effective than speeches by the American ambassador about the importance of the rule of law.<sup>216</sup> Washington cannot ignore the promotion of its core values and must take action when its values are compromised around the world or else face a decrease in American soft power. Washington must accept deserved criticism and rally the world to pay attention to significant human rights violations such as the genocide in Darfur. It also means the support of developing nations who benefit from entering the World Trade Organization, resisting America’s protectionist impulses, and leading by example within the United Nations rather than proceeding unilaterally.

America’s soft power will rise again. When it does, Washington will be able to deal with China from a position of greater strength, allowing greater cooperation on joint interests and tolerate Beijing’s increasing influence in regions such as Southeast Asia. The common interests of Washington and Beijing depend upon China’s ability to employ its charm offensive responsibly. Both countries are major energy consumers, desire global stability, aim to minimize the proliferation of weapons of mass destruction, combat major infectious diseases, committed to counter-narcotic operations, desire reduction in barriers to free trade, assist developing nations, and perhaps in the long run Washington would like China to be more than the world’s factory and assume a larger international role in aid, trade, and associated economic issues.

China is amassing its influence around the world. Beijing’s global reach is real and increasing faster than any other country. Its soft power tools have been effective and placed China in a position to challenge the United States in many regions of the world. Beijing’s public diplomacy, growing aid and trade, culture and language have penetrated many societies of the world, yet as the international media focuses on China’s negative values and exportation of poor labor, environmental, and governance practices Beijing’s soft power is limited. China’s appeal to autocratic regimes poses a serious threat to global

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<sup>216</sup> Nye. *Soft Power*, 12.

stability, its aid policies and noninterference policy is potentially destabilizing, and its increase in attractiveness may significantly impact American interests. As America faces a decline in its soft power, it will have to reverse course through the promotion of classic American values, public diplomacy, and a great culture to prevent the worst-case scenario, China using its soft power to push countries to choose between close ties to Washington or closer ties to Beijing. In the meantime, Washington must not foolishly ignore the gains China is making in the balance of soft power around the world, and seek to properly balance its soft and hard power, a sign of a country's maturity and confidence, which China still struggles with.

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