Global Power Shift

Richard Q. Turcsányi

Chinese Assertiveness in the South China Sea

Power Sources, Domestic Politics, and Reactive Foreign Policy

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Note on Transcription of Asian Names

Chinese and other Asian names in the book will be Romanized according to how they most often appear in international context. In the case of the names from Mainland China, this means following the *pinyin* transcription system (in case of names of Taiwan origin, it would be mostly the Wade–Giles system). In case a name is commonly used in international context in other forms (such as 'Chiang Kai-shek'), or in the case the text quotes or refers to a person who uses his/her name in other transcriptions (such as many names of Hong Kong origin or the names of overseas-born Chinese and Asians), the internationally most commonly used form will be used.

Contents

List of Abbreviations

A2AD	Anti-Access/Area Denial
ADB	Asian Development Bank
ADMM-Plus	ASEAN Defence Ministers Plus
AIIB	Asian Infrastructure Investment Bank
APEC	Asia-Pacific Economic Community
APT	ASEAN Plus Three
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
BRICS	Brazil, Russia, India, China, and South Africa (acronym)
CCP	Chinese Communist Party
CoC	Code of Conduct for the South China Sea
DoC	Declaration of Conduct in the South China Sea
EAS	East Asia Summit
ECS	East China Sea
EEZ	Extended Economic Zone
EU	European Union
FPA	Foreign Policy Analysis
GDP	Gross Domestic Product
IMF	International Monetary Fund
PLA	People's Liberation Army
PRC	People's Republic of China
RCEP	Regional Comprehensive Economic Partnership
RMB	Renminbi (Chinese currency)
ROC	Republic of China
SCO	Shanghai Cooperation Organization
SCS	South China Sea
TPP	Trans-Pacific Partnership

USA/US	United States
UK	United Kingdom
UN	United Nations
UNCLOS	United Nations Convention on the Law of the Sea
WTO	World Trade Organization

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Chapter 1
The Puzzle of Chinese Assertiveness

1.1 Introduction

> China is a big country and other countries are small countries and that is just a fact (Blumenthal 2010).

This is how the Chinese Foreign Minister Yang Jiechi reacted after the topic of the South China Sea disputes was raised by the US Secretary of State Hillary Clinton at the ASEAN Regional Forum back in 2010 and other countries went on to voice their concerns regarding this matter. Yang's comment might be more vocal than the usual Chinese diplomatic talk, but it represents the recent change in Chinese foreign policy, which is generally thought to have become more 'assertive' during the period of 2009–2010.

The notion of an assertive China has been widely discussed by scholars, pundits, and the media, and some important findings have been presented in recent years which shed light on what constitutes the Chinese 'assertive shift' in foreign policy and what factors have driven it. There is no consensus about what exactly comprises the assertive behaviour of China, with some prominent scholars and well-researched works suggesting that the narrative of an assertive China is exaggerated. However, even the sceptics acknowledge that China has become somewhat more assertive in the disputed maritime regions. In terms of explanations of why China started to act more assertively, various authors mention more or less the same factors that might have contributed to the assertive behaviour, although they differ in the relative emphases they put on different factors. Most of the accents are put on the changing distribution of power (i.e. the 'growing China and declining America' narrative), domestic factors in China (primarily nationalism, inter-agency politics—in particular the role of the PLA—and a cover-up of domestic problems), and external factors (such as the 'provocations' of the regional neighbours, the US pivot to Asia, etc.).

All the good quality work and relevant findings notwithstanding, there are important missing links in our understanding of the Chinese assertiveness which

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invite further research. The three main factors believed to be behind the assertive shift (distribution of power, domestic issues, and external factors) need to be further tested, and they must be related to the concrete examples of assertive actions of China for us to find out how they influenced the Chinese policies. Moreover, most of the works analysing Chinese assertive behaviours tend to focus on the moment of change—i.e. the period around 2010. However, little scholarly work has been published on interpreting the examples of assertive Chinese policies in the post-2011 period.

This book is going to present a rigorous multidimensional power analysis of the Chinese assertive foreign policy in the South China Sea (SCS). The notion of the changing distribution of power in the region can be seen as the most often presented explanation of the Chinese assertive behaviour. However, as will be shown in the subsequent chapter, our understanding of China's power is limited. It is most of the time assumed that the distribution of power is changing, but this finding is rarely conceptualized and operationalized to explicitly show how it is changing. Moreover, there has been no research linking the assumed increased power of China and its assertive behaviour.[1]

There seems to be a consensus that the SCS constitutes one of the areas where China indeed acted more assertively since about 2009. The region itself is of high importance for China, the involved regional actors in Northeast and Southeast Asia, and the USA and other external powers alike. The SCS can be therefore regarded as an important playground where the Chinese assertive policy meets other regional and extra-regional countries. An improved understanding of the Chinese assertiveness in the SCS can also improve our understanding of Chinese assertive policies in other areas and issues and contribute to our knowledge about the Chinese foreign policy and regional politics in the Indo-Pacific region.

Let us firstly review the literature dealing with the issue before presenting the research framework of this book. One of the first scholars to systematically study the assertive behaviour of China was Michael Swaine (2010). In the first article from a series dealing with various aspects of Chinese assertiveness, he focuses on how the phenomenon of assertive Chinese foreign policy behaviour is seen by both Chinese and international (mostly American) observers. According to Swaine, most Western observers see China as more 'brash' in its foreign policy pronouncements and/or more aggressive or confrontational in its specific foreign policy behaviour. He further states that one of the defining features of the assertive China in the Western discourse is the supposed anti-Western direction.

Swaine then lists the reasons which are most often mentioned by Western observers for why China started to act assertively. Firstly, many see the assertive behaviour as a result of the growing Chinese confidence and even the perception of

[1]The exception is to some extent (Hagström 2012). However, while the text does a great job in discussing the narrative and the outcomes, the author omits the issue of China's power. Also, a superb theoretical and conceptual analysis of the power shift discourse is offered by Hagström and Jerdén (2014). The article, however, does not link the discussion to the conduct of Chinese foreign policy, but to the issues of regional politics.

the shift in global power primarily stemming from China's successful adaptation to the global crisis of 2008 as opposed to the corresponding problems in the West. Secondly, the growing Chinese nationalism driven by broader cultural factors and perhaps aided by the initial conciliatory gestures of President Obama's administration is seen as a contributing factor. Thirdly, the feeling of domestic insecurity in terms of growing instabilities in certain regions of China (Xinjiang, Tibet) presumably induces the Chinese leadership to have more hostile reactions to some foreign actions, such as foreign politicians' meetings with the Dalai Lama. Fourthly, the domestic politics and the approaching leadership transition of 2012 are believed to drive at least parts of the Chinese establishment to assertive behaviour (Swaine 2010, pp. 2–3).

The Western notion of an assertive China started to increase from 2008, although, as Swaine mentions, some China watchers identified a growing Chinese assertiveness as early as 2006. Cited examples include Premier Wen Jiabao's criticism of the US mismanagement of the economy, China's questioning of the role of the USD as the global reserve currency, increasing Chinese cyberattacks and China's strong reactions to allegations of such attacks, China's more activist stance in international forums (the G20, for instance), China's strong resistance to pressures of RMB appreciation, China's obstructionist behaviour at the UN Climate Change Conference in Copenhagen, China's resistance to the sanctions against Iran, China's supposedly humiliating treatment of President Obama during his trip to China in 2009, China's unusually assertive reaction to Obama's meeting with the Dalai Lama, and China's selling of arms to Taiwan in late 2009. Many Western observers thought that China overplayed its hand, and as a result it received a strong pushback from the USA and other powers.

With regard to the Chinese perspective, Swaine claims that it is different and more diverse than the Western views. Chinese officials are, on the one hand, more 'assertive', like when the President Hu Jintao called on Chinese ambassadors in 2009 to exercise more influence in world politics. On the other hand, however, Chinese officials repeat that China is still a developing country firmly on the path of peace and development, and they reject the notion that China is becoming aggressive or tough but argue that China merely reserves the right to defend its principles and interests.

Swaine concludes that both Western and Chinese observers agree that China is becoming more assertive, although they differ significantly in their understandings of the phenomenon. Western observers see the Chinese assertiveness as brash and anti-Western, while Chinese observers depict it as a defence of China's core interests and national dignity. Both, however, see it as real and, at least to some extent, as a result of the changing distribution of power.

It is relevant at this point to mention another work of Michael Swaine focusing specifically on the Chinese concept of core interests (Swaine 2011a). His findings demonstrate that the use of the core interest concept in the Chinese press and official speeches skyrocketed after 2008, although it was present to a limited extent in the period of 2004–2007 as well. This growing usage of the concept of core interest has been interpreted as one of the indications of the growing Chinese

assertiveness. Core interests essentially mean areas which are non-negotiable for China, and where China would act more rigidly, perhaps even militarily and without observing international legal principles (Swaine 2011a, p. 2).

One of the areas most often mentioned with regard to the Chinese assertive behaviour was the domain of the maritime periphery, and Michael Swaine, in co-authorship with M. Taylor Fravel, devoted a special article to this issue (Swaine and Fravel 2011). The goal of this text was "to assess whether, to what degree, and in what major ways China has become more assertive" and to examine the forces driving this behaviour (Swaine and Fravel 2011, p. 1). Importantly, the authors offer one of the first definitions of Chinese assertiveness: "the behaviour and statements [of China] which appear to threaten U.S. and/or allied interests or otherwise challenge the status quo" (Swaine and Fravel 2011, p. 2). In line with the focus on maritime issues, the authors gradually analyse the dynamics in the South China Sea, the East China Sea, the Chinese Exclusive Economic Zone, and the Yellow Sea.

It is found in the article that China did not alter its long-standing dual strategy of avoiding conflict while defending its position and interests against perceived attempts to undermine them. At the same time, China demonstrated its growing willingness and ability to affirm its claims and support them in new ways, including by both its physical presence and its tailored rhetorical statements. It is suggested that this assertiveness stems from China's increased technical abilities, the increased public scrutiny of and pressure on China's leaders, and the more active stances of other countries opposing Beijing in the relevant spheres (Swaine and Fravel 2011, pp. 14–15). Furthermore, the more active stance of China was influenced by a growing number of various governmental agencies.

The role of the Chinese military has been often discussed as a factor in Chinese assertiveness, and the remaining two articles in Swaine's series on China's assertive behaviour deal particularly with the PLA and its role in foreign policy (Swaine 2011b) and, in particular, in crisis-like situations (Swaine 2011c). He finds that even though the role of the military in Chinese foreign policy has been decreasing, during crisis situations, the highest PLA officials can significantly shape the decision-making, and at the lower levels, the military steps might create a situation which could not then be altered. Some military officials also present their views publicly in the media in what might constitute a somewhat alternative and more assertive view on many foreign policy issues. The relative importance of the military is further increased by inadequate cross-agency and civil-military coordination. Also, the insular nature of the PLA in the Chinese political system makes it more difficult for top leaders to oversee its day-to-day agenda (Swaine 2011c, pp. 9–10).

Andrew Scobell and Scott Harold (2013) present another crucial paper on the topic of the perception of Chinese assertiveness. Similarly to the Swaine's initial piece, Scobell and Harold focus primarily on how the assertiveness is viewed and explained instead of trying to describe what concrete behaviour actions constitute it. The authors rely in their account on more than two dozen interviews with Chinese analysts, which include highly relevant insights into the Chinese assertiveness discourse.

An interesting feature of the article is that the authors distinguish between two waves of Chinese assertiveness—the first wave in the period of 2008–2009 and the second in 2010–2011. According to their evidence, the first wave was initiated by the sense of triumphalism associated with the changed distribution of power at the beginning of the global crisis in 2008 and the Beijing Olympics, and what further contributed to it was a sense that the USA was less committed to East Asia and more accommodating to China's core interests.[2] The second wave, on the other hand, was provoked by the sense of insecurity in response to Obama's US pivot to Asia policy, which was seen in China as the USA's own increasing assertiveness threatening China's interests. In both waves domestic factors such as nationalism, the Party's willingness or need to listen to it, and bureaucratic pluralism, including poor coordination between the agencies, served as secondary drivers. The authors also restate an often heard opinion from Chinese interviewees that no single explanation seems able to sufficiently interpret the Chinese policies in the recent years—a mixture of external and internal factors should be regarded as causing the change in Chinese foreign policy (Scobell and Harold 2013, p. 126).

With regard to the distribution of power, according to the authors, most Chinese officials and analysts recognize that China still lags behind the USA in terms of comprehensive national power and that the USA will probably remain the dominant power in Asia and the world for the foreseeable future. At the same time, the US power is declining, although most agree that it is declining only gradually (Scobell and Harold 2013, pp. 115–116). In this situation China would like to expand its influence, and it is not prepared to be passive, particularly when it comes to the East and South China Sea disputes. Two contradicting opinions with regard to the growing Chinese power were identified by the authors. While some analysts expected China to be more assertive with its growing power, others argued that it would become more cooperative as it would become more integrated with the international system.

Importantly, the authors also mention the opinion from Chinese respondents that due to China's assertive actions, in the scope of a few years, it started to be perceived as a threat around the region. The common theme was that the Chinese assertiveness was premature and counterproductive. At the same time, it is reported that many Chinese analysts view the negative perception of China in the region as consistent but unfair. China simply cannot escape criticism regardless of whatever it does (Scobell and Harold 2013, p. 128). Still, the authors write that the Chinese analysts noted the change in Chinese foreign policy and they described it with terms such as 'assertive', 'less cooperative', 'arrogant', 'aggressive', 'revisionist', and 'abrasive' (Scobell and Harold 2013, p. 111).

A major contribution to our knowledge about Chinese assertiveness has been Alastair Iain Johnston (2013) who critically engages with the discourse around what he calls the 'new assertive meme' by looking more closely at China's alleged assertiveness in the post-2010 period on the ground and comparing it with its previous behaviour. Johnston's main argument is that many observers and media sources

[2]The argument that China saw the USA at the beginning of the Obama administration as more accommodating is also held by Christensen (2015a); see also Christensen (2015b).

exaggerate the current assertiveness of China while at the same time underestimating the examples of Chinese 'assertiveness' from before 2010. Furthermore, his critique points out that few texts define what is meant by 'assertiveness' in international politics, although many texts label the Chinese behaviour as such.

Johnston looks particularly at seven cases from late 2009 and throughout 2010 which are most often discussed in terms of the new Chinese assertiveness—the Copenhagen summit on climate change, the Taiwan arms sales, the Dalai Lama's visit to the USA, China's mentioning of the South China Sea as its core interest, the responses to the US deployment of a carrier to the Yellow Sea in 2010, the Diaoyu/Senkaku trawler incident, and the Chinese reaction to the North Korean shelling of Yeonpyeong Island. He finds that Beijing's dealing with these cases constitutes a mixture of a new assertiveness (the South China Sea), an old assertiveness with a twist (the Taiwan arms sales), a reduced assertiveness (the Dalai Lama visit), probably predictable responses to new shocks (the Diaoyu/Senkaku incident), a continuation of past policies in the face of a changed situation (Copenhagen, the Yeonpyeong shelling), and empirical inaccuracy (the SCS as a core interest). This leads the author to the conclusion that it is inaccurate to portray Chinese diplomacy in 2010 as simply 'assertive' (Johnston 2013, pp. 31–32).

Johnston believes that one of the reasons why the 'assertive meme' was kicked off during 2009 and 2010 is the problematic causal arguments. In this respect he lists four explanations which are often presented by those identifying the Chinese behaviour as assertive—the change in the distribution of power, the rising Chinese nationalism, the politics of leadership transition, and the power of the PLA. Johnston himself, however, does not find these explanations well-founded (Johnston 2013, pp. 35–45).

In the conclusion of the article, one area where Johnston finds China to be more assertive both rhetorically and behaviourally than it was previously is the South China Sea. This assertiveness, however, might have been triggered partly by the more proactive efforts of other claimants and actions related to the UNCLOS presentation of maritime claims in 2009 (Johnston 2013, pp. 45–46). Moreover, the energy security focus of Hu Jintao's administration might have led China to be more assertive there (Johnston 2013, p. 41).

Bjorn Jerdén, in his article, continues from where Johnston started, and he claims straightforwardly that the assertive China narrative is wrong (Jerdén 2014). In testing the examples of Chinese behaviour, the author extends the seven cases of Johnston to eleven by including among them an essay of the Chinese Central Bank governor suggesting international monetary system changes, the Chinese responses to the North Korean sinking of the *Cheonan*, the reactions to Liu Xiaobo's Nobel Peace Prize, and the South China Sea itself.[3] Jerdén finds that from these eleven presumptive examples of Chinese assertiveness, only three can stand against the data so as to witness to an

[3]It should be clarified that the South China Sea as an example of Chinese assertiveness appeared in Johnston's article in connection with it being China's alleged core interest, which Johnston found to be inaccurate. Johnston, however, added his opinion that the Chinese behaviour in the South China Sea constituted a valid example of China's new assertiveness, but without rigorously testing the case.

adjustment (or partial adjustment) change—the monetary essay, the Taiwan arms sales, and the South China Sea (Jerdén 2014, p. 74). Similarly to Johnston, Jerdén then presents an abundance of examples of Chinese behaviour from before 2008 which he suggests could have been labelled as assertive, hence further problematizing the 'new assertiveness' discourse (Jerdén 2014, p. 75).

In the remaining part of the article, Jerdén exhaustively discusses the reasons why many analysts, including respected China watchers, fell into the narrative. Among other things he suggests that the power transition theory and offensive realist predictions about the confrontation between the growing power and the declining hegemonic power created a situation in which many 'believed [the narrative was correct] before they heard it' (Jerdén 2014, p. 81).

The argumentation line of Johnston and Jerdén attracted criticism. Dingding Chen and Xiaoyu Pu responded directly to Johnston's article, and besides other issues they develop a more rigorous definition of assertive behaviour (Chen and Pu 2013, pp. 176–183). Chen and Pu suggest that we should differentiate between offensive assertiveness, defensive assertiveness, and constructive assertiveness. In turn, they see little evidence that China had engaged in offensive assertiveness and argue that China had adopted a defensive assertiveness approach by continuing to defend its existing claims without fundamentally changing its policies. The authors argue so even though they admit that after the 2008 global crisis, the Chinese self-confidence and the perception of the distribution of power changed (Chen and Pu 2013, p. 177). Since they see the shifting balance of power (aided by nationalism) as the major factor in the shaping of the Chinese assertiveness, they see the growing assertiveness of China as inevitable in the context of the growing Chinese power and status in the international system (Chen and Pu 2013, p. 178).

In his response, Johnston adds that if Chen and Pu's classification of assertiveness would indeed prove to be useful for interpreting a new behaviour of a state in international relations (and he voices his doubts about this), their classification should include four classes of behaviour marked out by two lines of offensive-defensive and constructive-destructive dimensions (Johnston 2013, p. 181).

Another of Johnston's critics is Aaron Friedberg (2015), who asserts that China indeed became more assertive starting with 2009. As indications of this trend, he cites the internal debate in China about the abandoning of Deng's 'hiding and biding' strategy and replacing it with something bolder and more confident, the brash and triumphal tone in China's foreign policy pronouncements suggesting its increasing power, the stronger reactions to irritations in the US-China relations such as the Taiwan arms sales and the Dalai Lama visit, China's increasing and frequent displays of its military and its deployment of new weapons, and China's increased willingness to use threats of force in various domains, including water and air space (Friedberg 2015, pp. 133–134).

Friedberg disputes the claim that the Chinese assertiveness in the maritime areas was reactive. It is difficult, according to Friedberg, to decide where to cut into the narrative and establish what the original action which triggered the other reactions was. This is particularly the issue in the South and East China Seas, where the disputes are ongoing and states frame their reactions based on the previous

experiences and the expectations which stem from them. Furthermore, China, according to Friedberg, did not have to react as assertively as it did. Friedberg refers here to the concept of 'reactive assertiveness' (Kleine-Ahlbrandt 2013), which points to the direction of China using an action by another party as a justification for pushing back and changing facts on the ground (Friedberg 2015, pp. 135–136).

The author then moves on to discussing why China decided to shift its strategy. After engaging with Edward Luttwak and his concept of 'great power autism' (Luttwak 2012), he points towards the facts showing that China is capable of considering external perceptions and at times adjusts its policies accordingly. As another plausible explanation of the assertive turn in Chinese foreign policy, Friedberg mentions three domestic political sources that possibly influence the policy outcomes—nationalism, interest group politics, and 'rogue' PLA. However, Friedberg sees the domestic factors as being of limited utility in explaining the Chinese assertive behaviour, although he admits that they might at times make coordination difficult.

Eventually, Friedberg presents his own 'calculative' model explaining the assertive turn in Chinese foreign policy. According to this theory, China is a rational actor that strategically chose to be more assertive. The strategic calculus behind this shift is risky and aims at testing the strengths of the alliance relations of the USA in the Asia-Pacific. If indeed the USA hesitated in backing its partners, Beijing would have successfully weakened the alliances. At this point Friedberg engages with those who claim that the Chinese behaviour was irrational and counterproductive. He suggests that since 2012, many in the region and elsewhere doubt whether the USA would live up to its obligations (Luttwak 2012, p. 145).

Friedberg sees China's objectives of national rejuvenation on the international and the domestic level as mutually reinforcing and as requiring the CCP leadership in the domestic political system and a Chinese pre-eminence in the regional international system. In this respect the assertive behaviour does not mean a change in the overall objectives, but it is the result of a changed assessment of power, which was clearly accelerated by the 2008 global crisis (Luttwak 2012, pp. 142–144).

Thomas Christensen (2011), in his article titled 'The Advantages of an Assertive China', presents another alternative interpretation of how to label the recent behaviour of China in foreign policy. According to the author, China was, in fact, more assertive in its foreign policy in the 2 years prior to the 2008 crisis. China, during this time, softened its long-standing rigid policy of non-intervention and acted creatively in issues including North Korea, Sudan, Iran, and others. According to Christensen, after 2008, China actually became more conservative and reactive, and this kind of counterproductive behaviour damaged China's relations with most of its neighbours and the USA.

As for the reasons of this backlash, Christensen explains that after 2008, Chinese citizens, lower-level politicians, and nationalist commentators exaggerated China's power with regard to the USA. The post-2008 Chinese behaviour is fuelled by two factors—China's increased international confidence and the feeling of domestic insecurity. In the context of the pluralized domestic discourse and politics and in the

period running to the leadership change, the administration apparently felt it had to react to the voices in its domestic discourse.

Christensen believes that the assertive Chinese behaviour—that which he identifies in the period of 2006–2008—is advantageous not only for the USA but primarily for China. In his opinion, it is China which would be the main country to benefit from stability in the Korean Peninsula and in the Middle East, where most of its energy imports come from.

The leading Chinese international relations scholar Yan Xuetong has a different opinion (Yan 2014). He presents in his article an outline of the change in the Chinese foreign policy from Deng's advice of 'keeping a low profile' (KLP) to 'striving for achievements' (SFA). Yan suggests that the official end of the KLP as well as the beginning of the SFA was the speech of President Xi Jinping in 2013, during which he presented the outlines of the SFA strategy.[4]

Yan does not devote much attention to the actual behaviour of China under the SFA, but he discusses its principles at length. He states that the SFA is driven by a political orientation, undertaking responsibility, and political morality as opposed to the economic orientation, lack of leadership, and economic profit under the KLP. The main goal of China under President Xi is 'national rejuvenation', and the SFA is a means of this overall strategy to maximize Chinese power. In the current international system, where annexations are not possible or effective anymore, it is only feasible to increase one's power by winning allies and partners. Hence, the new SFA is focused on developing stable and friendly relations with foreign countries, and China must consider abandoning its policy of the non-alliance principle (Yan 2014, pp. 164–170).

Consequently, Yan looks at how the relations between China and external countries have been influenced by this new posture of China. His conclusion is that the US-China relations have been stabilized, China's relations with its major European power have improved, and so did its relations with developing countries. Yan acknowledges its problematic relations with Japan and partly those with the Philippines, which he sees as exceptions to the overall positive track record of the SWA strategy (Yan 2014, pp. 171–181).

Qin Yaqing (2014) can be seen as supplementing Yan's analysis, although the two authors significantly differ when it comes to their theoretical assumptions and conclusions. Qin acknowledges that there is a debate in China since 2009 about abandoning the 'keeping a low profile' strategy for the 'striving for achievement' strategy, which is a parallel narrative to the one on the assertive China. At the same time, he finds much of it to be seriously misleading and dichotomously biased. He based his claim about the inaccuracy of this 'either-or dichotomous' treatment of the two strategies in the simple fact that the 'Chinese do not think and act in this

[4]It is not entirely clear when the change in the Chinese behaviour started according to Yan. He admits that many foreign analysts started to pay attention to the Chinese assertive behaviour in 2010, and Chinese analysts started to discuss a possible shift in China's strategy at this time as well.

way' (Qin 2014, pp. 286–287). He follows in the article with a discussion about the *Zhongyong* (or complementary) dialectics, which he argues is a core component of Chinese background knowledge and hence more accurate in portraying Chinese strategies (Qin 2014, pp. 288–295).

Qin's main argument is that by following the Chinese traditional wisdom, the current shift in Chinese foreign policy can be most accurately portrayed as 'continuity through change'. The overall strategic objectives, designs, and policies will continue, which is mostly demonstrated by the prominence of the focus on economic development. What constitutes the change is in particular the emphasis on core national interests since about 2010. While Qin argues that economic development will remain crucially important; sovereignty and territorial integrity will come close to its role (Qin 2014, pp. 303–311).

This position can bridge the two camps: those arguing that Chinese policies have not changed (such as Johnston and 0) and many of those who believe they did (such as those as Yan and Friedberg). However, Qin sees the dichotomous interpretation of revolutionary change as both biased and dangerous, since it can change a constructed narrative into conventional wisdom and result in a self-fulfilling prophecy of a confrontation between the USA and China (Qin 2014).

Kai He and Huiyun Feng (2012), in their account of Chinese assertiveness, agree that the shift in the foreign policy of China started in 2009 with the beginning of the 'core interest' diplomacy. They expect China and the USA to engage in a great bargain, and due to the changing power and interest configuration, they consider it unwise for the USA to stick to a status quo foreign policy. Citing Kenneth Waltz, the authors argue that it is natural for growing powers to also have growing interests (He and Feng 2012, p. 635). In the case of China and its core interest diplomacy, the authors see it as an attempt of China to signal to the USA where it draws a red line. Since the international politics is a struggle for each country's own interests and making trade-offs in them with others, while still trying to preserve a peaceful and stable international environment, China's concept of core interest clarifies its bargaining position. The danger lies in the abuse of the concept, since it effectively reserves the right to exclude some areas from the bargaining game. China must not over-expand it as would be the case with indiscriminate applications of the concept to the South China Sea. On the other hand, the USA and other countries must design their policies with the goal of influencing the process of definition of Chinese interests. Similarly, the USA must not define its own 'core interest' in an excessive way (He and Feng 2012, pp. 639–642).

Many of the points presented in the previously mentioned works are connected by Michael Yahuda, who focuses directly on the situation in the South China Sea in his piece on China's new assertiveness (Yahuda 2013). He does not describe the events which constitute the allegedly assertive behaviour of China, but he moves on to discuss at length four driving forces which he claims are behind this shift—the sense of change in the balance of power, the expansion of national interests towards the maritime domain, the growth of military power, and the heightening of nationalist sentiments among both officials and the population.

One of the most recent pieces of research published on the topic of Chinese assertiveness is the article of Nien-chung Chang Liao (2016), and it is highly notable here for its objectives come close to the research goals of this book. The paper contributes a great deal to our understanding of Chinese assertiveness, especially by following a rigorous three-level scheme in line with foreign policy analysis (systemic–domestic–individual) and explicitly trying to produce an explanation of Chinese assertiveness, unlike most of the previously mentioned works which merely mention possible theories without scrutinizing them. In this vein, the paper argues that the Chinese assertiveness can be best explained by individual level and being linked to the personality and leadership preferences of Xi Jinping. On the other hand, the paper does not clarify some important issues; most notably it does not present a definition of assertiveness and an analytical description of assertive cases. Hence, its results cannot be seen as satisfactory from the perspective of this book.

1.2 The Research Design of This Book

As was made clear in the previous section, all the 'assertive China vibe' notwithstanding, little clarity exists about what concrete policy actions constitute this alleged discontinuity in the Chinese foreign policy—the Chinese assertiveness is often assumed and restated without sufficient description and analysis. This has led to a general acceptance of the 'assertive China' narrative without any questioning of its bases. On the international level, examples such as China's inclusion of the South China Sea among its 'core interests' or its behaviour during the 2010 Diaoyu/Senkaku[5] Islands incident with Japan are regularly mentioned. Besides the fact that listing these cases among examples of assertiveness has been criticized, little objective analysis has been conducted of the Chinese behaviour after 2011 from the perspective of the 'assertiveness' concept. Within China, the discourse has been, understandably, different to the discourse outside of the Chinese borders, although not as unified as some international observers might think. In general, however, Chinese analysts do not necessarily see the growing Chinese assertiveness as negative (which is the prevailing international perception of it) but as a natural reaction of a more powerful China that wants to become more influential in the international arena.[6]

[5]Sovereignty over the islands, which are called 'Senkaku' in Japan and 'Diaoyu' in China, is disputed between the two countries (Taiwan also lays its own claim on them). In English the archipelago is sometimes called the Pinnacle Islands, which is a direct translation of the Japanese name. In this book I will refer to the islands as 'Diaoyu/Senkaku' in alphabetical order for the sake of keeping a neutral stance.

[6]It should be, however, noted that the term 'assertiveness' itself is seen as having negative connotation in China, and many Chinese scholars oppose it principally.

There are question marks as well about *why* China started to act assertively. The most common explanation in the academic literature has been that it is the result of the changing distribution of power between China and the USA. According to this understanding, the global financial crisis in 2008, which affected China much less than the developed countries, led to structural changes in the distribution of power in China's favour. Other explanations point towards various domestic political issues which could have led to the increased assertiveness of China, such as inter-agency rivalry, increased popular nationalism, and/or growing domestic problems. Yet other explanations suggest that Chinese policies have been reacting to new policies of other actors.

This book is going to present one of the first detailed accounts of the Chinese assertiveness (which will be treated as the dependent variable) and its driving forces (representing the independent variables). It will focus on the South China Sea (SCS), which is a particularly crucial case of the entire phenomenon of the assertive China and widely thought to offer the most evident examples of Chinese assertiveness. The main research question of the book asks what the driving forces of the Chinese assertive policies in the South China Sea have been. Altogether three hypotheses can be proposed to explain China's assertive behaviour—the main one and two alternative ones:

- The main hypothesis: the Chinese assertive policies in the SCS have been caused by a shift in the power of China in the international context.
- Alternative hypothesis 1: the Chinese assertive policies in the SCS have been China's reactions to the new policy behaviour of other actors.
- Alternative hypothesis 2: the Chinese assertive policies in the SCS have been caused by domestic political factors, such as rivalry between governmental[7] agencies, increased nationalism, and/or growing domestic problems and instability.

The conduct of the research follows the foreign policy analysis (FPA) approach by presenting a description *and* an explanation of the foreign policy behaviour of a single actor (Neack 2008; Breuning 2007). The book will firstly offer a detailed description of the events in the region, especially the Chinese policies, to establish what concrete actions constitute the dependent variable of China's assertiveness. This will address the possibility that no assertive behaviour of China is actually taking place and that the assertive narrative is therefore misplaced. The description and detailed understanding of the development on the ground (and on the water) is a natural precondition for explaining the phenomenon of the assertive China. The importance of description is often overlooked in international relations, and many analysts and scholars prefer to explain events rather than describe them, believing

[7]To put it simply, the Chinese political system consists of three separate but overlapping structures—the Party, the State Council, and the military. The terms 'the government', 'the state', and 'the Party' will be used as close equivalents of each other throughout the text, unless otherwise explicitly stated.

that explanation has more scientific value.[8] To avoid this path here, the detailed account of the Chinese policies in the SCS (Chap. 2) will precede the analysis of Chinese power and the discussion about the causal effect on the assertive behaviour.

1.2.1 Conceptualization of Chinese Assertiveness

The conceptualization of Chinese assertiveness in this book draws on what Chen and Pu (2013) call 'offensive assertiveness', which should be distinguished from other types of behaviour which could potentially be also called 'assertive'—such as 'defensive assertiveness' or 'creative assertiveness'. In this regard, the behaviour in which China actively pursues its interests and acts boldly towards achieving its goals, even if they contradict the interests and/or security of other countries, will be regarded as assertive. The narrative of the assertive China clearly suggests that China does something different than other countries. Hence, only those policies of China which are considerably different, qualitatively or quantitatively, from those of other claimants will be regarded as assertive.

An important requirement for a policy to be labelled as assertive in the context of a discussed period is that it has to be different (more assertive) than the policies in the immediately preceding period. The assertive narrative suggests that China changed its behaviour and started to be more assertive in 2009–2010. The period roughly spanning from the end of the 1990s to the end of the 2000s is generally regarded as a 'non-assertive' period for China (it is normally referred to as the period of China's 'low profile' diplomacy), and hence any Chinese behaviour which started in this period should, by definition, not be regarded as an example of China's (new) assertiveness (Chen and Wang 2011, pp. 195–216). The research will differentiate between two waves of the assertive period of China's diplomacy—the first is 2009–2010 and the second is that which began in 2011 and lasted until the beginning of 2016. Any Chinese actions which are often presented as examples of Chinese assertiveness and fall geographically or topically within the South China Sea and any other Chinese actions which could potentially be regarded as such will be considered in the study.

The crucial aspect when establishing whether an action involved assertiveness is the scope of the 'boldness' of the action in the relevant period. Not every new Chinese policy is assertive, and not every reaction to an external event is non-assertive. An adjustment of Chinese policy of a relatively minor scope without any change in China's long-standing policy will not be regarded as constituting an assertive shift. In contrast, however, a Chinese overreaction to a policy step of another actor will be regarded as an instance of Chinese assertiveness. The

[8]For a discussion about description and its importance within scientific research, see King et al. (1994, pp. 34–49).

comparison of the Chinese actions to the actions of other claimants will provide a useful tool for differentiating between normal and assertive behaviour.

The judgement of whether certain behaviour falls within the scope of assertiveness is by definition subjective. To be as transparent as possible, in this book, every decision about whether a certain behaviour will be labelled as assertive or not will be listed with the particular reason for doing so.[9] The actions of China, which will be tested regarding whether they constitute assertive behaviour, will be divided into four categories—not relevant, no policy change, policy adjustment, and assertiveness. 'Not relevant' events are those events which are not part of the SCS issue area (they happened elsewhere) or did not even happen as was generally argued (often presented accounts are factually incorrect). The 'no policy change' label will be assigned to those actions of China in which China stuck to its previous policies without considerable adjustments in scope. These two categories are by nature examples of events which do not constitute an assertive behaviour of China in the SCS and hence will not be subjected to the power analysis beyond the description chapter.

The 'policy adjustment' label means that in the given case, China adjusted its policy in some way towards being more assertive than before, but the adjustment can be viewed as minor. China might start a new policy by a limited adjustment of its previous positions, or it can react to a new development in a restrained way and in line with its long-standing positions. The category of 'policy adjustment' can be seen as the middle ground between non-assertive and assertive behaviour, and it will be subjected to the power analysis to a lesser extent in the subsequent parts of the research.

The 'assertive' label will be assigned to those policies of China in which it started a new policy which can be deemed as completely new, is or was boldly pursuing Chinese interests at the expense of other countries, and engaged in behaviour that is markedly different to the behaviour of other countries in the region. The events found to be examples of China's assertiveness will be subjected to a detailed analysis in the subsequent parts of the research.

[9]The problem of objectively defining 'assertiveness' is apparent in works of other authors as well. Even the most pertinent attempts did not solve the issue entirely; see Johnston (2013), Swaine and Fravel (2011) and Jerdén (2014, pp. 50–53). All of the presented definitions contain categories which depend on a subjective judgement of a certain 'scope'.

1.2.2 Elaboration of the Main Hypothesis

The primary focus of the text will be the main hypothesis of the 'power shift' theory of the Chinese assertive behaviour in the SCS. As was shown already, this explanation has been predominant, and it is likely due to the fact that it is theoretically in line with the leading realist tradition in international relations and also in line with the popular theory of power transition.[10] Many authors and commentators have aligned themselves with these perspectives to suggest that China's rise in the international system must unavoidably meet with the interests of established powers, resulting in conflicts of various intensities between growing and status quo countries (Friedberg 1993; see also Mearsheimer 2010; Thayer 2005).

This research will examine in detail the assumption that an increase of the power of China (the independent variable) took place in the particular issue area of the SCS immediately before or during the assertive period of Chinese foreign policy. A comprehensive assessment of China's capabilities will be conducted to find out how the distribution of power has been changing. A particular focus will be put on those sources of power which were utilized in the assertive actions of China with the goal to find out when China acquired the capability to conduct such actions (Chaps. 4 and 5).

The causal relations are notoriously difficult or even impossible to prove in social science and humanities (King et al. 1994, pp. 75–82). In this light, the evidence of the possibly increased power of China should not be regarded automatically as a sufficient proof of the causal relation between the independent and dependent variables. On the other hand, a discovery that no increase of power occurred before the assertive actions, or that China's power increased in the more distant past, would effectively invalidate the main hypothesis. The comprehensive and sophisticated testing of both the general and the specific power of China, in which these powers are compared with its policies, is the best available test which can be carried out in the context of social studies to attempt to falsify the hypothesis and show that the necessary conditions for the causal relation are not present. This study does so by using a uniquely comprehensive way of assessing China's power in the single issue area and linking the specific sources of power to its actions (explained in Chap. 3).

It is argued that although some noteworthy research material has been produced on China's power, the scholarly (as well as the general) understanding of the issue suffers from conceptual confusion. This is due to the fact that even though [or perhaps exactly because (Gallie 1955–1956)] power is a central concept of international relations, it is not well understood, and there are significant practical implications in terms of popular estimates of China's power. Moreover, there has been surprisingly little conceptual work on power within international relations (Baldwin 1979, 2013). From this perspective, international relations as a discipline is similar to security studies a few decades ago, before it started to devote

[10] See Organski (1968), Organski and Kugler (1980) and Mearsheimer (2011); for a critique of the power transition theory see Chan (2008).

substantial attention to its central concept of security (Baldwin 1997). It is the hope of this author that international relations will follow suit and that this text will contribute to increasing the attention being paid to power as the central concept of the discipline. This research should be viewed as a project developing a conceptualization of power suitable for analytical use in international relations and presenting its demonstrative application on the case of China's power and its assertive policies in the South China Sea. The comprehensive analysis of China's power using this novel approach will shed light on the validity of the main hypothesis for explaining the assertive policies of China in the SCS.

The crucial category in testing the validity of the main hypothesis is the *shift* in power. As was explained, the best available approximation to assessing the power of a country is an analysis of its sources of power. The hypothesis therefore assumes that China's sources of power have increased immediately before or during the assertive period, and these increases caused Chinese assertiveness. In the light of what was previously stated, two waves of Chinese assertiveness will be considered—the first wave, lasting from about 2009 until 2010, and the second, lasting from 2011 until the beginning of 2016.

For the assumption of the independent variable to be valid, China's sources of power which were utilized in the assertive policies must have increased immediately before the relevant assertive action. The conceptualization of power takes into account altogether eight areas of the sources of power at three levels. The result of the power assessment will not be a synthesis of the eight areas, but they will be listed separately with the statement of whether and to what extent China's sources of power in the relevant areas increased, decreased, or remained at the same level (and if so, what that level is). Importantly, the relevant sources of power which were instrumental in bringing in the assertive actions will be established, and it will be tested whether China acquired these sources of power immediately before or during the assertive period, as the main hypothesis suggests.

Power is a relative capability, and to assess China's power, it is necessary to take into account the power of other countries. The natural opponents of China in the SCS include primarily all the remaining formal sovereignty claimants—Vietnam, the Philippines, Malaysia, Taiwan, and Brunei. However, Brunei will be largely left aside here due to its very small size and also its low level of involvement. Taiwan, on the other hand, is omitted in various relevant statistics due to its unclear status. From the remaining three claimants, the most emphasis will be placed on the Philippines and Vietnam, which have been the most active opponents of China. Another player which should be included is Indonesia, since its maritime zones around the Natuna Islands also overlap with China's nine-dash line, even though Indonesia does not have a sovereignty dispute with any other claimant in the SCS and is generally not regarded as an actor of the dispute. From among the other ASEAN countries, it is especially Singapore and Thailand which are to some extent relevant for the dispute. Singapore is a major maritime nation with a huge interest in the trade flowing in and out of the SCS. Its strategic position right at the Malacca Strait also makes it an essential actor and a major stakeholder in the dispute, although it is not directly involved in any sovereignty or maritime claim.

Thailand's role is smaller than the one of Singapore, but it is another littoral country of the SCS with noteworthy interests and also capabilities there, including its ownership of an aircraft carrier—it is the only member of the ASEAN to have this capability.

It is imperative to include more countries in the analysis at various points. First of all, the USA is a global hegemonic power with a great interest in the free maritime trade. Although the USA publicly takes a neutral position with regard to the dispute, its stance is almost directly countering China's. The USA also has treaty commitments with the Philippines and Thailand, and a special relation with and also a legal commitment to Taiwan and its security, and it enjoys friendly relations with other involved players, including Malaysia, Singapore, Indonesia, Brunei, and, recently increasingly so, Vietnam. The Northeast Asian countries also have high stakes in the SCS dispute due to both the fact that a large part of their trade crosses the area, and their own issues with China, which can be seen as interconnected. These reasons make Japan and, to a lesser extent, South Korea stakeholders in the state of affairs in the SCS. North Korea is a very specific actor in international relations, and its relations with China and the USA and its allies would make it worth considering in some instances, but due to the isolated and secretive nature of its regime, there is little statistical information about the country. Finally, India, Australia, and Russia play various roles in the SCS, including those of delivering military, economic, and diplomatic support to the claimants.

The power analysis of all these countries will not be conducted in the same scope as that of China. Such an endeavour would certainly go beyond the limits of this text, considering the complexities of the presented multidimensional concept of power. Instead, the narrative will be framed from China's perspective, and it will consider other countries and their power as possible limitations of China's ability to reach its own goals. Most of the time, this means that when quantitative statistical data are consulted, these countries will be listed as either the direct limiting factor or a benchmark to evaluate China's ability. This conduct is in line with the understanding of power presented here, which, although recognizing that power is relative, treats it as the ability of one actor to achieve its intended goals. The role of other actors is relevant, for their goals might pose some limitations. Many of the issues in international politics are of a zero-sum nature, and this is especially the case with territorial disputes, such as the one in the SCS, underlining the relative character of power.

The power analysis conducted here is ex post, meaning that, firstly, the behaviour of China is described, and the outcomes of interactions are identified before it is established what sources of power made it possible and when these sources of power were acquired. For this reason the analysis of China's sources of power will be conducted without delving into Chinese strategic considerations—this would only be a necessary prerequisite in the case of an *ex ante* power analysis.[11] China's actions will be regarded at this place as manifestations of its intended policies (see Chap. 3 for

[11] A discussion about Chinese strategic intentions and goals in the South China Sea is offered in Turcsányi (2016).

the discussion about the role of intentions in the concept of power). The discussion about the overall outcomes of China's assertive behaviour in terms of its foreign policy—the third step of the power analysis—will be offered in the conclusion.

The assessment of China's power in the eight areas of power sources will follow a standardized process. Firstly, quantitative data will be consulted, especially the statistical data, to create a general overview of power relations in the region. In this step, China's data will be compared with the data of other relevant countries. Secondly, a closer analytical look will be offered into China's sources of power by using qualitative methods. The specific issue area of the South China Sea will be taken into account, and China's general endowment with the sources of power will be discussed from the perspective of its policy goals. In all the cases, the focus will be put on whether Chinese sources of power increased considerably in the periods directly preceding the assertive behaviour of China and hence whether the newly acquired power could be used to explain the Chinese assertiveness. Thirdly, and finally, the examples found to constitute the assertive behaviour of China will be linked to China's power, and it will be discussed whether the potential increase of the relevant source of power made the assertive action of China possible (Chap. 6). This is one of the crucial steps in the testing of the validity of the main hypothesis. If it is discovered that the sources of power utilized in the assertive action had not been the result of immediate power increases, this would invalidate the main hypothesis. It would effectively mean that China had the power to conduct the assertive action at various points before the assertive waves. In other words, it would mean that the increases of power in the period immediately preceding either of the assertive waves did not cause China to act assertively. It would suggest that China had the power to act assertively, but it only chose to do so at a moment after the influence of other factors. Hence, the alternative hypotheses would have to be consulted at this stage.

1.2.3 Elaboration of the Alternative Hypotheses

Before moving to the actual alternative hypothesis 1, an additional avenue of the main hypothesis will be considered. Analytical assessment of power and its general perception (by policy-makers or other relevant groups of people) can and often do differ. Moreover, while the goal of an analytical assessment of power is to approximate the actual power, even here, a gap might exist. The academic understanding of the concept of power in international relations is not perfect, and the popular understanding of power is probably even more distanced from the actual power. Also, the dynamic progress of science and technologies makes any assessing of the power of a state in today's world similar to shooting at a moving target. It is for these reasons that estimates of power might differ substantially from the actual power, especially if they are made simplistically and following obsolete approaches.

Countries' policies are decided by humans in a time-constrained context based on imperfect information about the real world. The problem of misperception is present at every stage of the political process and so is the possibility of

misunderstanding, misconduct, and influence of other potential irrational factors. In reality, it is not actual power which leads to actions of states—it is the perceptions of power (by leaders, decision-makers, intelligence, etc.) which drive decisions. The presented research offers one of the most detailed accounts of China's power, yet this kind of approximation to the actual power and its distribution can be different to how the state leaders perceived the distribution of power at the time of the examined period.

While the book focuses mostly on the 'power shift' theory, in the process of the comprehensive power analysis of China and its behaviour, a significant amount of analytical material will be collected to facilitate the answers to the remaining two alternative hypotheses. The discussion about the validity of the alternative hypotheses will be presented after it is evidenced that the main hypothesis does not sufficiently explain the assertive behaviour of China in the SCS.

The first alternative hypothesis, that of the impact of the new policy behaviour of other actors causing China to act the way it did, will directly build on the detailed description of Chinese policies in the SCS and the analysis of the development of the distribution of power on the structural level, namely, the institutional setting, geopolitics, and geo-economics. Based on the collected evidence, it will be proposed that some actions of other actors presented important additional causal factors that led China to start acting assertively in the SCS. In effect, that makes this hypothesis the main direct causal force of the Chinese assertiveness in the SCS.

Although after the testing of the first alternative hypothesis and the main hypothesis we reached the satisfactory explanation of all instances of Chinese assertiveness, the text will move on to discuss the second alternative hypothesis as originally suggested. This hypothesis, asserting that domestic political factors caused China to act assertively, is a complex one, and it includes a few separate possibilities. It should be admitted that it is not in the scope of the present research to give an exhaustive answer regarding the influence of domestic factors on China's assertive behaviour—this would probably be a legitimate reason for a separate study of comparable length focused specifically on this theory. Still, the framework of this research aided with relevant secondary literature reveal some relevant observations, particularly those stemming from the analysis of China's national performance and government legitimacy. Based on the evidence, it will be argued that while the domestic political factors might have contributed to the assertive actions—in particular the increased nationalism—they did not constitute major immediate causal factors.

1.2.4 Methodology and Theoretical Considerations

The conduct of this research is inspired by what Rudra Sil and Peter Katzenstein (2010a, b) call 'analytic eclecticism'. The authors identify three general features defining this approach: a pragmatic seeking of engagement with the world of policy and practice, formulation of research problems beyond narrowly defined research traditions with the aim of speaking to the 'real-world' problems and not only

engaging with academic discussions, and acknowledging the complex reality of the social world and seeking to identify all the relevant causal mechanisms, not just those assumed by single research traditions (Sil and Katzenstein 2010a, p. 411). The scholarship of analytic eclecticism can be identified by its attempt to produce complex mid-range causal theoretical explanations resulting from a problem-driven research combining knowledge and approaches of various research traditions and considering all the relevant data (Sil and Katzenstein 2010b, pp. 18–22).

Analytic eclecticism does not seek to replace single-paradigm researches; it recognizes their utility and importance in pushing forwards the boundaries of our knowledge and making it feasible for many research approaches to get deeper by becoming aligned within a certain set of assumed ontological and epistemological features and generally accepted concepts. In fact, analytic eclecticism depends on findings from single-paradigm researches. What analytic eclecticism attempts to do is to offer an alternative for researchers so that they could combine types of relevant knowledge for a better understanding of the complex social world and for studying some real-world issues which are not explained sufficiently by established theories.

The social research should first of all speak about real-world problems; yet, the parallel existence of a number of paradigms in international relations makes a number of findings relevant only within the borders of the theoretical assumptions.[12] This is clearly a problem—no one expects the knowledge from a cooking book to be confined to the book itself (Oakeshott 1991). In the same vein, the research of international relations (and other social disciplines alike) must be able to shed light on the real world. It is hence a problem that an experienced practitioner can often be more likely to reach the more realistic explanation for a certain problem than a researcher applying a single type of theoretical knowledge (Sil and Katzenstein 2010b, pp. 10–12; Hirshmann 1970; Tetlock 2005). Analytic eclecticism is an answer to this increasing division between academic research and the real world of international relations, and it offers an intellectual base for studying complex social issues by combining different types of theoretical knowledge of various paradigms.

It is explicitly recognized by Sil and Katzenstein that analytic eclecticism is demanding, and researchers adopting this approach face a few potential pitfalls. In particular, the research adopting analytic eclecticism requires a scholar to master the approaches, concepts, and discourses of not just a single research tradition but of all those that are utilized. This kind of research is naturally more open to criticism from various sides by deliberately abandoning the protective shield of a single paradigm (Sil and Katzenstein 2010b, p. 214; Lakatos 1970). Moreover, some argue that research involving concepts of various traditions is impossible due to the problem of incommensurability (Feyerabend 2010). Sil and Katzenstein respond that in their

[12]The situation of the parallel co-existence of a larger number of research traditions in international relations is explained by Laudan (1977). But on the contrary, the scientific theories of Popper, Kuhn, and Lakatos expect that there should be only one prevailing theoretical tradition within a discipline at a time; see Kuhn (1962), Lakatos (1970) and Popper (2002).

view, this prevents us from *evaluating* the concepts between various theories, but not from combining their approaches and findings. In effect, any translation or reinterpretation of an academic work, within or without the original theoretical tradition, would be impossible if the critics' logic were to be followed neatly (Sil and Katzenstein 2010b, pp. 13–15). Obviously, few would take this position. Hence, the problem is not insurmountable, but it does require cautious conduct.

In the case of this thesis, the research problem is the assertive China phenomenon. It is obvious that this is indeed a real-world issue rather than a pure analytical problem of a single research tradition. It has been analysed by authors coming from various research traditions who adopted their theoretical assumptions to it in various explicit and implicit ways, but, still, their suggested explanations of the Chinese behaviour are repeated, notwithstanding the authors' theoretical backgrounds.

The practical side of the research follows the path of foreign policy analysis (FPA).[13] Foreign policy can be understood as the sum of the policies of a country towards the environment beyond its borders (Breuning 2007, p. 5). As such, the study of the foreign policy of a country can be put analytically in between international relations, which is preoccupied with the international system and relations between its actors, and comparative politics, which deals primarily with the policy-making within state systems (Neack 2008, pp. 3–5). FPA adopts a single-actor perspective in studying an actor's interaction with the external environment.

The main goals of FPA are to describe and explain the external behaviour of a country (Neack 2008, pp. 9–10). To present theoretical explanations, FPA adopts approaches inspired by various theoretical traditions and even various disciplines. Laura Neack (2008) considers three levels of analysis—the individual, state, and systemic levels. In particular, she discusses the options of explaining the foreign policy behaviour of a country by its individual rational decision-making based on the national interest (inspired by classical realism), cognitive biases (taking into account psychological analyses of leaders' personalities, among other things), bureaucratic politics dynamics (including rational choice theory and game theories), specific national conditions (e.g. the concept of strategic culture), domestic politics, public opinion and the media, and the structural influence on great powers and other actors in the system (neorealism, neo-liberalism).[14]

It is obvious that the approach of FPA has much in common with the intellectual position of analytic eclecticism, since it also tries to adopt various research traditions in forming complex explanations of the foreign policy behaviour of a single state. Marijke Breuning explicitly asserts that the best explanations of the foreign policy of a country are those that combine multiple theoretical approaches and factors (Breuning 2007, p. 6).

[13]The tradition of foreign policy analysis is influenced heavily by three paradigmatic works which started separate traditions in FPA: see Snyder et al. (2012), Rosenau (1966) and Sprout and Sprout (1956).

[14]Compare with Breuning (2007, pp. 9–13).

This research and its main hypothesis start from the realist position of focusing on power and its changes as the core driving forces of international politics (Waltz 1979; Mearsheimer 2010, 2011; Friedberg 1993). However, the book significantly broadens the understanding of power compared to how realists use it, drawing heavily on insights from other research traditions, including liberalism, constructivism, and critical theories, while still keeping the utility of power in analysing and explaining the foreign policy of a country. This is in line with the fact that while the realist tradition explicitly takes power as its core concept, it has paid little attention to its explicit conceptual development. Various power theorists have long tried to conceptualize power by including their theoretical perspectives in their conceptualizations of it; however, none has produced an operationalization which could be used in a comprehensive analytical way. The model of power presented in this book tries to overcome these problems by combining approaches and concepts of various authors. This is not the same as synthesis, however, as it is merely drawing on their various insights in various situations where it is deemed relevant—which is in line with Sil and Katzenstein and their analytic eclecticism.

King, Keohane, and Verba assert that there are two traditions of research in social sciences—qualitative and quantitative. While both of them should follow the same logic of scientific inquiry and both can equally aspire to be scientific, they differ significantly in their styles and the techniques they employ. Quantitative research is characterized by working with numbers and statistical methods while focusing on a limited number of variables over a large number of cases. Qualitative research, on the other hand, strives to study a single case or a small number of cases while employing many approaches and taking into account soft data without relying on numerical measurements. The authors assert that most researches in fact combine the two styles, and hence the two should be seen as complementary and not adversarial, as is sometimes the case. It is perfectly possible that some data in a single research will have a quantitative character, while other data in it will be qualitative (King et al. 1994, pp. 4–9). John Gerring cautions others by saying that a high number of cases (n) in a research do not automatically make the research quantitative—it depends on the type of data collected and their analytical use (Gerring 2006, pp. 29–33).

Strauss and Corbin present a similar definition of qualitative research to that of King, Keohane, and Verba, but they add an interpretative feature. While qualitative research can also employ quantifiable data, an important part of the analysis is of an interpretative character (Strauss and Corbin 1998, pp. 10–11). As Fiona Devine explains, qualitative approaches are aligned with interpretive epistemology, stressing the constructed and evolving nature of social reality. Based on this, there is no perfectly objective and pure scientific knowledge that can establish universal truths or exist independently of beliefs, values, and concepts created for us to understand the world. At the same time, Devine also sees the distinction between the two methods and epistemological positions as fluid, and she recognizes a space for their combinations (Devine 2002, pp. 200–203). In her view the choice of the research method should be made according to the needs of the research aim—either a combination of the two methods or an employment of only one of them might be fitting to a particular research (Devine 2002, pp. 27–29).

The research goals of this book, the chosen approach of analytic eclecticism, and the developed model of power mean that the presented research will involve both qualitative and quantitative data, yet the interpretative processing of the data and the deep focus on a single case and a single perspective (the one of China) mean that it will be closer to qualitative research. I will attempt to use all the available data, including those of a quantitative character, which are relevant for improving the knowledge of the context in each particular area of the study. At the same time, the collected data will be eventually interpreted from the perspective of the research goals. This will be necessary since their character will mean that they will not 'speak for themselves'. As such, the research will go beyond merely presenting an understanding since it attempts to test hypotheses and eventually present its own causal explanation of the studied Chinese behaviour. While this certainly has its merits also for future predictions based on the following of studied independent variables, the ontological character of the interpretive position, namely, the dynamic nature of the social reality, should be kept in mind when making predictions about the future.

The choice of the South China Sea as the single case requires attention here; yet, first of all, an understanding of the case study research method as such is needed. John Gerring explains that a pure case study with $n = 1$ is actually almost non-existent. According to him, every 'case' consists of various sub-cases or observations. Most situations commonly treated as cases in fact give us an opportunity to observe the development in time or look at more specific instances within the case to form more than one observable situation (Gerring 2006, pp. 20–26; King et al. 1994).

The presented book studies the Chinese assertiveness, and it focuses its attention on the South China Sea as one of the cases of the larger (alleged) assertive foreign policy shift of China. Following what has been said, the South China Sea offers a number of opportunities for considering sub-cases or observations—there have been a number of events, policies, and actions/reactions brought about by China and other involved actors. Moreover, acknowledging the fact that power is a relative category, it is necessary at various places to consider the power sources not only of China but of other actors as well. This opens up possibilities to employ quantitative methods. At the same time, the quantitative data will be interpreted from the perspective of China and its foreign policy, and, hence, the research will not process them in a typically quantitative style—they will be essentially 'qualified'.

An intensive study of a single case should be contextualized within the larger phenomena to comprehend how the acquired knowledge from this case can be used to improve our understanding of the whole issue. For this, it is important to identify the relation between the case and the larger phenomena. King, Keohane, and Verba assert that, ideally, the best way to choose cases for studying is by random selection; however, this is not always possible or appropriate (King et al. 1994). In case study research, in particular, it is often better to make a conscious choice about the studied case based on the specific research aim (Gerring 2006, pp. 86–87).

Gerring distinguishes various categories of selected cases with the two most relevant for this research being 'influential case' and 'crucial case' (a single case can fit into more than one category). Importantly, both influential and crucial cases can be used for hypothesis testing, leading either to a confirmation or a

reinterpretation of the theory (Gerring 2006, pp. 89–90). An influential case is a case which is supposed to prove a rule; it usually begins with a motivation to confirm the general pattern, but this can result in a reinterpretation of the model. An influential case has a major impact on the resulting pattern, which makes the study of the single case important both individually and for the understanding of the entire phenomenon. It is more likely that there would be an influential case in a study if there are not too many cases in the sample (Gerring 2006, pp. 108–115).

A crucial case, a concept introduced originally by Harry Eckstein, is a case which must closely fit a theory if it is to be viewed as valid. There are ongoing discussions, however, about whether a single case can really be crucial in the sense that the whole validity of the theory would depend on it. At the end, the judgement lies with the researcher and also depends on the nature of the theory and the number of cases (Gerring 2006, pp. 115–121; 2007).

It is argued that the South China Sea can be regarded as both an influential and a crucial case of Chinese assertive behaviour. First of all, there are only a few cases altogether on which Chinese assertiveness can be studied, and the South China Sea has been identified by researchers as the one where China's assertive character is the clearest. There are also other cases of Chinese assertive policies in the maritime domain—such as those in the East China Sea and the Yellow Sea. However, it is obvious that the South China Sea is more important for Chinese assertiveness research than the latter two, as it shows more observable instances of assertive policies, and is not limited to a single foreign policy issue or relation (such as the arguably special bilateral relations with Japan and the North Korea issue). Other domains where Chinese (apparently) assertive policies could potentially be discovered to really be assertive are in diplomatic communication and multilateral forums. While, again, the instances of the alleged Chinese assertive behaviour in these domains were not found to be persuasive as proofs of China's assertiveness by various researchers, the Chinese behaviour in the geopolitical maritime domain in general and the South China Sea in particular is clearly more aligned with what is generally perceived as 'assertive behaviour' and how the 'assertive' is understood here.

Finally, the research of the Chinese behaviour in the South China Sea would also be legitimized without any larger phenomena due to the importance this area has in Chinese foreign policy and regional politics in general (Gerring 2006, pp. 187–192). The knowledge acquired in this book will be useful for understanding the Chinese assertiveness, but its systematic explanation of a single case already makes it relevant both academically and practically, fulfilling the requirements of analytic eclecticism.

Case studies are typically seen as better for generating hypotheses rather than for their testing (Gerring 2006, pp. 37–42). From this perspective the current research starts atypically, since it begins with the testing of the hypothesis. This can be legitimized by pointing at the crucial/influential aspect of the selected case within the larger phenomena. In other words, any theory with an ambition to explain the assertive Chinese policies should be reasonably expected to be capable of explaining the given case. Its failing to do so would amount to its falsification. At the same time, the book does not stop here. It moves on to contribute to the theoretical

explanations of the assertive actions of China by combining the available theories to produce a complex causal mechanism based on more independent variables, which is, again, in line with analytic eclecticism.

1.3 Contributions and Limitations of the Study

By presenting the conceptualization of power, its rigorous demonstrative application on the case of China, and its utilization for interpreting Chinese assertive policies in the SCS, the contribution of the book is conceptual, theoretical, and practical. Firstly, the book adds to the understanding of power in international relations by conceptually analysing power and by suggesting a comprehensive model of power for analytical use. This model is meant to be applicable to other issues related to Chinese foreign policy but also to foreign policy of other states and even to the behaviour of non-state actors. It allows for general assessments of the comprehensive power of an actor, specific analyses of various sources of power of an actor, and linking of an actor's intentions to outcomes via sources of power. This text, which deals particularly with the Chinese assertive policies in the SCS, can thus be viewed as a demonstrative application of how the presented conceptualization of power can be used in the practice of foreign policy analysis.

Secondly, the book contributes to our knowledge of China's power by presenting a comprehensive analysis of China's sources of power at three levels and in eight identified areas altogether. The comprehensive and dynamic analysis of Chinese sources of power will add substantially to our knowledge about China's power, which suffers from conceptual confusion and a lack of rigorous and systematic endeavours. The analysis linking China's power with its foreign policies will contribute to our understanding of the complex dynamics of both the Chinese behaviour in the SCS policy area and, by implication, China's behaviour in the whole Indo-Pacific region while considering the importance of this issue for global politics. Moreover, the understanding of the Chinese behaviour is the key to comprehending the regional politics in the Indo-Pacific region.

Thirdly, and finally, the book seeks to enrich the discussion about the alleged assertive shift of Chinese foreign policy, which has been observed internationally and domestically since 2009. The most common explanation of this behaviour has been the theory of the 'power shift', and the South China Sea has been regarded as the prime testimony of the Chinese assertiveness. Hence, studying the Chinese behaviour by using the power analysis in this area is particularly meaningful. The comprehensive and multidimensional analysis of power will put a spotlight on all the popular explanations of the assertive behaviour of China.

To conclude, conceptually, the book will add to the understanding of power in international relations by designing a model of power suitable for comprehensive analytical use in international relations. Theoretically, it will engage with the discussion on the Chinese assertive foreign policy shift by testing the prevalent explanation with a new approach. Practically, it will improve our understanding of

China's power and Chinese foreign policy by presenting a comprehensive analysis of China's power, particularly its power in the South China Sea, and thus generating new factual data that are relevant for understanding the complex international politics in the Indo-Pacific region.[15]

The presented study contains some limitations which should be acknowledged. First of all, the study deals with policy behaviour and bases its approach in what is effectively a narrow definition of foreign policy (Neack 2008, pp. 9–10). It is important to note that rhetoric has not been the main subject of the research, although it is admitted here that the official communication of a state can also be regarded as its foreign policy. At the same time, there is a difference between actual policy behaviour and policy announcements (Breuning 1995). The narrative of an assertive China, which will be presented in the following chapter, claims first of all that China started to *behave* assertively with its actual steps on the ground, not only with its changed rhetoric. This justifies the decision to direct this study towards the physical behaviour and treat rhetorical expressions mostly as indications of Chinese foreign policy goals.

Secondly, the framework of the study focuses on the single issue area of the South China Sea to enable us to study the Chinese assertive foreign policy shift and China's power. As was mentioned, this policy issue can be regarded as an influential and crucial case of the phenomenon of the assertive China; therefore, the acquired knowledge from this case can be reasonably extrapolated to the whole phenomenon (Gerring 2006). At the same time, the implications for other policy issues should be arrived at cautiously. The findings of this research are produced within the context of the South China Sea, and it would have to be proven to what extent they are applicable to other issues—such as the East China Sea, the Yellow Sea, or other non-maritime issues. On the other hand, however, the bulk of the assessment of China's power (Chaps. 4 and 5) can be regarded as automatically relevant for other policy issues.

Finally, as should go without saying, this is an academic study and the author made his best effort to be as objective as possible. At the same time, as perhaps in every study in the social sciences, it should be acknowledged that involved human factors could have influenced the results in various ways. In particular, the sources which have been used might work with factually incorrect information. Another eventuality is that the author misunderstood or simply overlooked some relevant data. This is potentially possible considering the amount of academic and media

[15]It should be clarified how the 'regional/subregional' labels will be used throughout the research. A 'region' as such is a theoretical concept and cannot be 'discovered' in the real world. Whatever the definition of a region is, it would never be purely objective. Northeast Asia will be understood in this book as comprising Greater China, Japan, and the Korean Peninsula. By the term Southeast Asia will be meant the ten member countries of the ASEAN. East Asia comprises both Southeast and Northeast Asia. The Indo-Pacific region comprises East Asia, Australia and Oceania, the Pacific coast of the Americas, and South Asia. The Asia-Pacific is the Indo-Pacific region minus South Asia. For more on defining regions in international relations and security studies, see Hettne (2005) and Buzan and Waever (2003).

attention paid to China in recent years. The author is, however, confident that no relevant development has been ignored or distorted. Besides consulting major journals, publishing houses, leading authors, think tanks, and media specializing in China/Asia, the author also participated in a number of relevant academic and professional events and personally talked with a number of leading experts in various countries in Asia, Europe, and North America. This broad collection of systematically processed sources is the best available guarantee that all potentially relevant information has been considered. The author also declares that no personal, political, professional, or any other bias exists which could have inappropriately influenced the results in any way.

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Chapter 2
Chinese Assertive Actions in the South China Sea

2.1 Background and History of the South China Sea Dispute

2.1.1 Geopolitics and Geoeconomics

The South China Sea (SCS) is a semi-enclosed marginal sea of the Pacific Ocean whose littorals are those of China, Taiwan, the Philippines, Malaysia, Brunei, Indonesia, Singapore, and Vietnam.[1] It is connected to the Indian Ocean by the Malacca Strait and separated from the open Pacific Ocean by the islands of the Philippines, Taiwan, and Borneo. There are two main archipelagos in the SCS—the Spratly Islands in the South and the Paracel Islands in the Northwest. Scarborough Shoal in the East is another land feature in the sea, and there are additional submerged features, such as Macclesfield Bank, besides other undisputed features or the features disputed only by mainland China and Taiwan.[2] The estimates of the number of total land features in the SCS vary greatly, and depending on the definition of a land feature, it can be anywhere between 150 and 500 (Shofield 2009, pp. 8–10; Wu 2013, pp. 2–3).

The majority of the features in the SCS would probably not meet the UNCLOS standards for what an island is, according to which '[a]n island is a naturally formed area of land, surrounded by water, which is above water at high tide' (United Nations 1982, p. 66). The definition of an island includes also the subcategory of

The upcoming chapter draws on previously published works of the author; see Turcsányi (2013a, b, c, 2016)

[1]For the map of the area, see BBC (2015b).

[2]The term "Taiwan" is used throughout the book to label the territory controlled by the government of the Republic of China on Taiwan. The term "China" will be used to label the administered territory and government of the People's Republic of China, also called Mainland China. This does not suggest any position on the status of Taiwan and its relation with the PRC.

R.Q. Turcsányi, *Chinese Assertiveness in the South China Sea*, Global Power Shift,
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a 'rock', which is a feature which 'cannot sustain human habitation or economic life of [its] own', which implies that an island can sustain human habitation and economic life (United Nations 1982). The UNCLOS defines also 'low-tide elevations', which are 'above water at low tide but submerged at high tide' (United Nations 1982, p. 25). The differentiation between islands, rocks, low-tide elevations, and entirely submerged banks is problematic but crucial for establishing sovereign and maritime rights. Only islands enjoy theoretically the same rights as other land territories, and hence they generate 12 nautical miles of territorial waters and 200 nautical miles (or possibly more based on the principle of the extended continental shelf) of the exclusive economic zone (EEZ). Rocks are only entitled to territorial waters without a possibility to generate an EEZ. Low-tide elevations can only generate territorial waters if they are located within territorial waters of other islands or a mainland. Geographical features which are below water even at low tide and artificial features cannot be subjects of sovereignty, and they are not entitled to territorial waters or an EEZ. States may also create 500 metres of a safety zone around an artificial land feature which is the state's EEZ generated by another island or mainland (Beckman 2009, p. 224).

The Spratly Islands, which are centrally located both in the sea and in the dispute, make up the majority of the land features in the SCS, yet only 48 of the features are known to rise above high tide to form, in most cases, tiny islands or rocks. The biggest island in the Spratly archipelago is Itu Aba Island, covering approximately 50 hectares and reaching 2.4 metres above the high-tide mark. The total area of the whole Spratly archipelago is estimated to be less than 8 square kilometres scattered over a vast area of 240,000 square kilometres (Shofield 2009, pp. 8–10).

The SCS is a major transport hub through which the goods to and from Northeast Asia are shipped. While 90% of intercontinental world trade is carried out by water, as much as half of these goods in terms of tonnage and one-third of them in terms of value pass through the SCS. This makes it probably the most strained shipping lane in the world (Cronin and Kaplan 2012, p. 7; see also National Strategy for Maritime Security 2005). In particular the energy resources make the lane vitally important for the East Asian economies.

According to the Energy Information Association, in 2011 about 15 million barrels per day or one third of the world's seaborne oil passed through the Malacca Strait, putting it in the 'second place' in this respect, only after the Strait of Hormuz with 17 million barrels per day, and ahead of the Suez Canal as the Malacca Strait is used to transport more than three times the amount that is transported through the canal. Out of this amount, approximately 1.4 million barrels per day go into terminals in Singapore and Malaysia and then continue to the East Asian markets as refined petroleum products. About 15% of the remaining crude oil, after passing the South China Sea, continues to the East China Sea (Energy Information Association 2014).

Similarly, the SCS is a major transport route of liquefied natural gas, with about 6 trillion cubic feet having passed through it per day in 2011—which is more than half of the global LNG trade. Half of the amount that passes through it continues on

to Japan, with the rest of it going to South Korea, China, Taiwan, and other economies. Also, the demand for LNG is expected to grow in the coming years. Finally, large quantities of coal from Australia and Indonesia (the world's two largest exporters of coal) pass through the SCS to their markets in China, Japan, India, and elsewhere (Energy Information Association 2013).

Rerouting international trade out of the SCS would be very difficult and costly, if not entirely impossible. Even the routes which bypass the Malacca Strait via the Lombok, Makassar, or Sunda Straits eventually enter the SCS, just near the location of the Spratly Islands. All the involved parties in the dispute (perhaps with the exception of Taiwan) are emerging growing economies which consistently demand more energy inputs and trade in general, which makes the SCS continuously more important with the passing of time.

The SCS is not only a transit route for energy resources, but the sea itself is believed to contain reserves of crude oil and gas. As yet unconfirmed, it remains an open question exactly how much oil and gas the sea really contains and how much of it would be commercially exploitable. Estimates vary widely, from the very optimistic Chinese assessment of 105 billion to 213 billion barrels of oil, out of which 10.5–21.3 billion barrels are recoverable, to the US estimates citing about 15.6 billion barrels, out of which a mere 1.6 billion are recoverable (Rogers 2013, p. 87). It should be also noted that the vast majority of the SCS oil resources rests, apparently, without the Chinese nine-dash line; hence it is unlikely that the SCS would be a game-changer for China as a new energy source if China respects its current claim.[3] The SCS is far more important for energy security as a transport route than as a source of energy resources (Hayton 2014).

Another commodity which the SCS offers is an abundant stock of fish. The SCS is one of the richest marine life areas in the world, representing about 10% of the world's fish catch. The littoral states depend on maritime resources more than countries elsewhere in the world, with the fish protein taking up 22.3% of people's diet in Asia, compared to the global average of 16.1%. Vietnam, for example, passed in 2007 a resolution mandating the development of a national strategy envisioning that maritime industries, especially fishing (and petroleum), would account for 55% of GDP in 2020, up from 48% in 2005 (Swaine and Fravel 2011). Yet fishery resources in the SCS are getting scarce as a result of overfishing (Rogers 2013, pp. 89–90), (and the production of existing Vietnamese oil fields in undisputed waters is declining) (Hayton 2014).

The strategic importance of the SCS goes beyond the transport routes and the resources the sea offers. The sea also constitutes a natural barrier for the ships of the mainland countries before they reach the open oceans. From the perspective of China, the so-called first island chain is being formed by the eastern and southern banks of the SCS, preventing the Chinese Navy from reaching the Pacific or Indian Oceans without passing through the vicinity of the littoral states, and hence they are easily tracked (Yoshihara 2012). Moreover, from China's perspective, the SCS is the only easily accessible sea with relatively deep water and is thus suitable for extensive submarine

[3]For the map see Asia Maritime Transparency Initiative (2016a).

operations. Both the Yellow Sea and the East China Sea are extremely shallow with average depths of 44 metres and 350 metres, respectively, and therefore unfit for such manoeuvres (Kirchberger 2015, pp. 47–50). The control of the sea is therefore a prerequisite for China to be able to project its military power to open oceans.

2.1.2 Legal Context

The dispute in general can be divided into two separate issues: who owns the land features and who has what rights in regard to the related waters. As for the first one, there are six claimants involved: the People's Republic of China (PRC—China), the Republic of China (ROC—Taiwan),[4] Vietnam, the Philippines, Malaysia, and Brunei.[5] The first three claim all the land features in the Paracel Islands and the Spratly Islands; the other three claim only some of the features in the Spratly archipelago. Scarborough Shoal is disputed between China, Taiwan, and the Philippines. Other features, such as the Pratas Islands, are disputed between the PRC and the ROC and hence can be regarded as a part of the 'Taiwan issue' rather than the SCS dispute. These claims and disputes result in a complex network of overlapping claims.

The sovereignty question matters primarily for two reasons. Firstly, in the context of the growing nationalism around the region, it has an important symbolic meaning both for the citizens and for the government and can be used as a bargaining tool in domestic politics (Hayton 2014). Secondly, sovereignty of the land features in the sea would lay ground for maritime rights to territorial waters and the EEZs. This would allow the country with sovereign possession of the features to substantially increase its control of the sea and also profit from its resources, including oil, fish, and possibly others.

It is relevant here to take into account the claims and their strength. China's claim provokes the most attention due to its ambiguity and scope and China's growing power and willingness to defend it. China's claim is based on the nine-dash line covering a large portion of the whole sea. The nine-dash line was initially drawn by the ROC in the 1930s and appeared on its maps in 1947. It was then inherited and reasserted by the PRC in 1951 in a statement commenting on the Allied peace treaty negotiations with Japan and in further statements later on.[6] China has never formally clarified either the exact scope or the nature of this claim.

[4]The claims of the People's Republic of China (PRC) and the Republic of China (ROC) on Taiwan are largely identical. This, however, does not necessarily mean that the two actors interpret their respective claims and act in the same way. Taiwan has repeatedly rejected cooperation with China in upholding its claims in the SCS but also in the East China Sea with regard to the Diaoyu/Senkaku Islands.

[5]For the map of claims, see, for instance, The Economist (2012).

[6]Fravel (2011); for more on Chinese historical rights see Wu (2013, pp. 15–39). For the historical counterargument, see, for example, Hayton (2014).

Moreover, the messages it has been sending are at times contradictory. Chinese officials have, on the one hand, repeatedly asserted that the Chinese claim in the SCS is in line with the UNCLOS. Taking their words at face value, the nine-dash line would delineate the scope within which China claims all the land features. Along this line, China would claim maritime rights related to the sovereignty of these land features (see International Crisis Group 2012, p. 3). On the other hand, China continues to operate with the term 'historic rights' to 'adjacent waters', which, it asserts, predate the UNCLOS and hence are not bound by the treaty. The operating with such a terminology causes many concerns. However, only in the former case would the Chinese claim be in line with the UNCLOS (Buszynski 2012; Storey 2012, pp. 54–55).

China (as well as Taiwan) bases its claims of maritime rights either on the historical rights or on the EEZs generated by the features in the SCS, which it considers islands. The Philippines, Vietnam, Malaysia, and Brunei base their claims over the land features and the waters largely on the principle of proximity, as they see them as parts of their EEZs with the continental shelves generated from the mainland (Fravel 2012, pp. 34–35). Vietnam and the Philippines also use historical reasons and arguments about discovery to support their sovereignty over the land features in the SCS (Djalal 2009, p. 177). Indonesia is traditionally not considered as a part of the dispute since it does not claim any of the disputed land features. However, depending on the exact delineation of the nine-dash line and its characteristics, Chinese maritime rights claims might interfere with the EEZs from the Indonesian Natuna Islands (Lee 2014; Parameswaran 2015; Keck 2015).

Without delving much into the legal aspects, it is necessary to discuss the importance of the decision taken by the Permanent Arbitration Tribunal in The Hague in 2016 after the Philippines unilaterally (which is the legal option in this case) asked it in 2013 to clarify certain definition aspects of the dispute according to the UNCLOS (Permanent Court of Arbitration 2016). First of all, it is important to note that out of the definition, decisions of this court are final and legally binding—they become automatically parts of the international law. At the same time, the court does not have any concrete means to implement them; hence it falls back on states to respect or enforce them. From this perspective and from the perspective of the framework of the legal contest as briefly described in this section, the recent decision taken by The Hague is highly important for it significantly clarifies legal nature of the maritime rights in the SCS. While the court did not touch in any way the question of the sovereignty and it did not explicitly delineate maritime borders, it did set forth a few principles making the dispute much clearer from the international law point of view.

First, the court ruled that none of the land features in the Spratly Islands (the court did *not* consider Paracel Islands, since these are not the matter of dispute between China and the Philippines) are islands under UNCLOS. Secondly, the court ruled that Chinese *maritime* claims (note, again, that the court did not consider sovereignty claims) stemming from 'historical rights' and other reasons are not in line with UNCLOS (Permanent Court of Arbitration 2016). Technically speaking, this means that no matter how the sovereignty question of the land features will be

solved in future, the dry areas will not generate EEZ, and hence the EEZ in the area should be counted from the mainland. This obviously negatively affects the position of China which relied most heavily from the claimants in its maritime claims on the notion that the land features (or at least some of them) are islands and they do generate the EEZ. Furthermore, the second option for China to claim the area as part of its historical maritime territory was deemed invalid under UNCLOS. Legally speaking, the decision of the court has been universally seen as the victory of the Philippines and the loss of China, and from the legal point of view, it is hard to dispute this interpretation (Perlez 2016). Basically, China (and Taiwan alike) has lost most if not all of its argumentation basis.

Yet, obviously, the dispute is far from over. China expectedly refused to abide by the decision of the court in a very vocal way, labelling the decision as 'null and void', 'biased, unfair, absolutely terrible, and a joke'. This seems to be very much in line with the Chinese official position towards the ruling that it 'will neither accept nor participate in the arbitration unilaterally initiated by the Philippines' (Phillips et al. 2016). Hence, even though legally speaking the situation is clearer at least in some ways, not only that a next step in the legal dispute would be much more difficult to make, but even it is doubted that this one will be fully implemented. It is therefore critical to move beyond pure legal perspective of the dispute and consider other factors driving the dynamics in this very complex environment.

2.1.3 History of the Dispute

Occupations of land features in the SCS waters have been the most notable actions of claimant states for decades. Other relevant events in the SCS include the oil-related and fishery-related activities, various legal measures demonstrating jurisdiction over related land features and waters, military activities, and other diplomatic steps and announcements. As will be argued in the upcoming part, the period of growing tensions in the SCS already started in 2005. For that reason the growing activity and new policies of China (and other countries) after 2005 will not be discussed here. The goal of this section is not to present an exhaustive account of more than four decades of the dispute dynamics, but to put the recent behaviour of China and other actors in the historical context.

The timeline of relevant events starts with the occupation of the land features. The biggest atoll in the Spratly Islands has been occupied by Taiwan since 1956. The next country to occupy some features in the Spratly Islands was the Philippines in 1970. South Vietnam occupied parts of the Paracel Islands in 1974 but lost its position to China soon afterwards. Malaysia occupied its first features there in 1983 and continued by occupying another two in 1986.

China was a latecomer to the occupation race in the sea, and thus it faced the situation of the most suitable land features being already controlled by its contenders. While it occupied parts of the Paracels in 1955 and got the whole archipelago under its control in 1974, it moved to the Spratly Islands only in 1988.

At that time most of the features were controlled by Taiwan, Vietnam, the Philippines, and Malaysia, which led China to settle on a few still unoccupied tiny rocks in proximity to other countries' outposts. This tactic culminated in a violent clash with Vietnam, which cost 64 Vietnamese soldiers' lives. China moved on to occupy other feature in the SCS (e.g. Mischief Reef) in late 1994, and this was the first time that it took a feature claimed by a country other than Vietnam. The Filipino discovery of the Chinese outpost at Mischief Reef came as a big shock not only for the Philippines itself, but for the whole region, as this was the first time that China confronted an ASEAN member, and it was also far from the Western edge of the sea, which was previously the area where it had been the most active (Hayton 2014; Till 2009). Besides these Chinese occupations, the last occupations of the features occurred in 1998 (Malaysia) and 1999 (Vietnam) (Fravel 2012, p. 34).

By the end of the 1990s, altogether 48 of the land features (in the Spratly Islands) were occupied by the five claimants.[7] Vietnam occupied the most—27 features – followed by the Philippines with eight features, China with seven, Malaysia with five, and Taiwan with one.[8]

The 1990s eventually saw improvements of relations in the SCS, with China announcing that it would abide by international law, and consequently it acceded to the UNCLOS in 1996. In 2002 China and ASEAN signed a Declaration of the Conduct of Parties in the South China Sea (DoC) (ASEAN 2002), which set the guidelines to minimize the likelihood of a conflict. However, the implementation of the DoC and the process towards a binding code of conduct (CoC) have been fruitless for a long time, and it contributed to the growing frustration with the process on the side of the ASEAN countries (Storey 2012, pp. 54–55). However, it seems that the ruling of The Hague in 2016 created the suitable context for new efforts on both sides to engage in the discussions and push towards the CoC. As this book goes into press, there seems to be an agreement between China and ASEAN countries on the principles of the framework for the CoC (Blanchard 2017). At the same time, there are worries both within some ASEAN countries and internationally whether this time China is sincere and it remains to be seen what kind of document will be produced eventually and how it will be implemented afterwards. As of now, however, it should be taken for granted that there has been no legally binding code of conduct or a similar document between the claimant countries.

The 2000s brought a start to oil-related activities in the disputed waters. The littoral states had for a long time exploited oil from undisputed waters near their coasts, yet their increasing needs and the declining production at the established oilfields drove them to look farther to the sea for new wells. This, however, required more technical skills, and it is likely that it also required an international partner who would be willing to get involved in the regional politics and invest money into

[7]For the map of occupation outposts of the claimant countries in the Spratly Islands (the Paracel Islands are all occupied by China since 1988), see Austin (2016).

[8]Storey (2013b, pp. 20–47). According to another count, Vietnam controls 21 features, the Philippines 9, China 7, Malaysia 5 and Taiwan 1; see Vuving (2016).

surveying unconfirmed deposits. Since the early 1990s, China had proposed conducting the seismic research jointly, yet this call had long remained unanswered. In a surprising move in 2003, the Philippines agreed, secretly, to conduct an exploration survey with China under the formula of joint development. In 2005 Vietnam learnt about it and joined the ranks of the participants, possibly in fear that it would be left behind. However, the activities became publicly known, and it caused widespread criticism of the survey in the Philippines for its non-transparent nature, the possible corruption involved, and the alleged compromising of the country's sovereignty. Thus in 2008 the agreement expired, and since then the countries conducted surveys on their own (Hayton 2014). As time passed, the claimants became increasingly antagonistic, and on a number of occasions, they tried to prevent each other from cooperating with foreign oil companies and even sabotaged each other's activities (Rogers 2013; Buszynski 2012).

The fishery-related activities have been perceived by the claimants as a useful means of upholding the national sovereignty by demonstrating the administration of the contested waters. The claimants have occupied and built structures on land features with pretexts of them serving fishing purposes or providing security for fishermen. With fish being an important staple in all the involved states and the SCS being rich in fish, the claimants are unwilling to stop fishing also for economic reasons. As a result, many of the incidents of antagonism have to do with fishing boats, and countries thus offer their fishermen protection. The fishermen's presence in the land features can serve as a convenient excuse for building structures, and incidents involving fishing vessels can lead to deployments of patrol ships or even navies (Cronin and Kaplan 2012).

The Summary and the Argument

The South China Sea (SCS) has become one of the most problematic spots of international politics, and it has been mentioned as a possible trigger to a large-scale world conflict (Huntington 2011, pp. 312–314; Shelden 2013), the critical tipping point in the geopolitics of the Asia-Pacific region, and the place where global economy meets geopolitics (Cronin and Kaplan 2012, p. 7). This diagnosis is the direct result of the high importance of the area for the global economy combined with the complex situation of overlapping territorial claims between six directly involved actors.

Looking at the dispute from the long-term perspective, the dispute dynamics have seen a few periods of tensions and relative stability. During the decades after the end of the Second World War, Taiwan, Vietnam, the Philippines, and Malaysia established their positions first, with China only getting the Paracel Islands under its control in the 1970s and occupying its first features in the Spratly Islands in the 1980s. Until the mid-1990s, the dispute experienced a period of tensions, which ended when China chose to moderate its activity and negotiate with the other claimants. The consequent period of stability lasted for approximately 10 years. Then the present wave of tensions started to increase already in the mid-2000s, a few years before the narrative of Chinese assertiveness kicked in.

2.2 Chinese Assertive Policies in the South China Sea

The goal of the upcoming section is to describe the Chinese policy behaviour in the South China Sea in the two alleged periods of assertiveness and establish to what extent we can talk about an assertive China in each case. The two periods will be discussed separately, and the relevant examples which might fall within the category of China's assertiveness will be labelled according to the defined categories.

2.2.1 The Pre-2011 Period

The Chinese behaviour in the SCS started to grow more active even before 2009, which is the earliest date for when the general discourse about an assertive China began. China toned town its activist policies in the late 1990s and agreed to sign the Declaration of the Conduct of Parties in the SCS (DoC) with ASEAN in 2002. Although the DoC came short of establishing legally binding norms of conduct (which was the goal of the ASEAN claimants), it generated an atmosphere of goodwill, principles of interaction to avoid tensions, and perhaps even prospects for a future resolution of the dispute. In subsequent years the dispute was dormant, and there were even signs of cooperation between the claimants (such as the joint development between China, Vietnam, and the Philippines), even though the discussion about the binding code of conduct did not progress. The calm intermezzo, however, started to ebb in the second half of the 2000s (Fravel 2011, pp. 292–319).

The reviewed literature on Chinese assertiveness (see Chap. 1) provides relevant information about Chinese policies in the SCS which have been regarded as examples of assertive behaviour. The cases include the alleged labelling of the SCS as a Chinese core interest, the *Impeccable* incident, the submission of the nine-dash line to the UN, the more active defence of Chinese fishing activities, including the imposition of a fishing ban, the more frequent patrols by administrative agencies, the legislative measures strengthening the administration, the encouragement of tourism, China's diplomatic pushback against other states' claims, and the PLA Navy's activities. Each of these examples will be put to the test here and coded in line with the rules established in the methodology section.

With regard to the labelling of the SCS as a Chinese core interest on a par with Tibet and Taiwan, evidence suggests that it did not happen in 2010 in the way the early reports suggested. The conventional wisdom about this stems from a *New York Times* article, which in turn bases its claim on an anonymous source asserting that it was mentioned during a meeting of two senior US officials (Deputy Secretary of State James Steinberg and National Security Council Asia Director Jeffrey Bader) with some senior Chinese officials (including State Councillor Dai Bingguo) (Wong 2010). Furthermore, the claim was allegedly repeated a few months later to the State Secretary Hillary Clinton in a private conversation

(Yoshihara and Holmes 2011). However, a number of leading scholars have repulsed the claim based on their personal interviews with high-ranking US officials (Swaine 2011; Johnston 2013, pp. 17–18; Jerdén 2014; see also International Crisis Group 2012, p. 4). Bader himself notes in his book that no Chinese official labelled the SCS as China's core interest in the meeting (Bader 2013). Clinton's remarks, on the other hand, appeared without much precision about the context in which the label was allegedly used in her interview with the *Australian* (Sheridan 2010). Overall, there is a consensus that China did not formally and explicitly list the South China Sea as its core interest in 2010, although some unofficial conversations might have used the term in various contexts related to the SCS (Wong 2011). It is also possible that the inclusion of the SCS under China's core interests was done indirectly. It is China's position that the question of sovereignty and territorial integrity constitutes its core interest. From this perspective the sovereignty issue of the land features in the SCS naturally falls within the definition (Austin 2015). However, China's SCS claim based on the nine-dash line and including wet areas of the sea would not be part of this definition. It is quite possible that Chinese diplomats have reasserted the former, but not the latter. This is different from what the accusations suggest, though, and therefore the issue will be labelled as 'not relevant'.

Similarly, the *Impeccable* incident is not a relevant example of assertive Chinese behaviour in the SCS. The US Navy surveillance vessel *Impeccable* was repeatedly confronted by Chinese vessels south of the Hainan Islands in an *undisputed* Chinese exclusive economic zone (EEZ). While a discussion could go on about whether this can be classified as an example of assertiveness or not (Jerdén suggests that it cannot) (Jerdén 2014, pp. 70–71), this case does not fall within the area of interest of this thesis. The incident did not occur in the disputed waters of the SCS (see South China Sea Think Tank 2016), and its nature is not related to the SCS dispute either. Most likely, the US vessel was collecting intelligence about the Chinese submarines' moves around its newly opened base in Hainan. The core of the incident is a running disagreement between the USA and China about the interpretation of the legality of such operations in EEZs (O'Rourke 2016).

The submission of the nine-dash line to the UN occurred on 7 May 2009 as a response to submissions by Vietnam and the common submission of Vietnam and Malaysia which was required by the UNCLOS before the then upcoming deadline (Beckman and Davenport 2010, p. 2). China has consistently held for decades that Chinese territory includes the nine-dash line, whose origin predates the PRC, and the newly formed PRC has never relinquished this claim. At the same time, China has never clarified what is the nature of the legal claim that the nine dashes establish, and it did not clarify its claim during the submission to the UN or even since then. This is, indeed, a troubling feature of the Chinese position, and various comments of China about 'historic waters' only add to the anxiety of the other claimants and the navigating countries. Yet, the Chinese submission was a response to other claimants' actions, and it did not expand or adjust Chinese longstanding claim. While this was the first time this claim was communicated to the UN, it

would actually have been a major policy shift if China did not act in this way. The Chinese behaviour in this case constitutes no policy change.[9]

In 2009 China extended its unilateral fishing ban in the SCS. China has imposed the fishing ban in the SCS since 1999 (Xinhua 2013; Fravel 2011, p. 305), but since 2009 its duration and scope were extended, and now it applied to foreign ships as well (Swaine and Fravel 2011, p. 5). In the extended version, it covers about two thirds of all the disputed waters and is in effect for 2.5 months in the summer (an increase from the period of less than 2 months before 2009). There is also information that China started to impose the ban more forcefully and deployed more ships into the disputed waters in 2011 (Thayer 2011, pp. 15–16) and again in 2012 (Global Security 2014). China again attempted to increase its administration of the fishing in the SCS by demanding that foreign ships obtain permissions from Hainan Province to fish in more than half of the disputed waters since 2014 (Global Security 2014). Overall, China started to deploy its fishing administration vessels around 2000, and it strengthened the activities in 2005 (Swaine and Fravel 2011, pp. 5–6). This does show that the increase of China's assertiveness was a continuous process which started earlier than in 2009–2010 and was further developed after 2011. The single example of the 2009 expansion of the fishing ban is only one step of this increase in the long term and is not out of line with the overall trend.

On the other hand, there is also evidence that in 2008 the presence of Vietnamese fishing vessels began to increase near the Paracel Islands (Fravel 2011, p. 305). Hence, the Chinese expansion of the fishing ban in 2009 and further measures can be regarded as a response to the increased presence of Vietnamese boats. Jerdén regards the fishing ban case as a 'minor adjustment change' of Chinese foreign policy in the SCS (Jerdén 2014, p. 72). The level of extensions after 2009 is not entirely clear, but there is fair evidence that China indeed increased its activity in imposing its fishing-related rules since 2009, together with increasing other countries' fishing activity in the region. The fishing ban will be therefore regarded as a policy adjustment for it does not constitute a major policy change, and its scope cannot be regarded as inappropriate.

Chinese law enforcement vessels had been increasing their activity in the SCS since the mid-2000s, and their activity reached its peak in 2009. However, the most aggressive event in this respect occurred already in 2005, when nine Vietnamese fishermen were shot dead in an incident (Jerdén 2014, pp. 72–73). Moreover, the activity of the enforcement vessels dropped significantly in 2010 and 2011, and there was no information of China detaining Vietnamese fishermen in 2011, although it continued to confiscate their catches (Swaine and Fravel 2011, p. 6). In the first few months of 2011, though, the Philippines reported at least five incidents of Chinese attempts to sabotage their oil exploration surveys. Also, until

[9]This conclusion differs with the one of Jerdén (see pages 71–72), who believes the submission constitutes a policy adjustment. It is argued here that since this event was unique (driven by the upcoming deadline and the submissions of other countries), China's behaviour in this case cannot be compared to any of the previous situations. But since the Chinese reaction was entirely in line with its longstanding policy, there is no policy change.

mid-2011, China cut the cables of Vietnamese survey ships. This can suggest a cumulative trend rather than an abrupt policy change in 2009–2010.

At the same time, Vietnamese law enforcement agencies also routinely board Chinese and other foreign boats and detain them (Fravel 2011, pp. 311–312). According to the Chinese press, in 2010, the Chinese Marine Surveillance monitored intrusions of 1303 foreign ships and 214 foreign planes, compared with the combined 110 cases of such acts in 2007 (People's Daily 2011; International Crisis Group 2012, p. 5). This would suggest that the increase of activity of Chinese law enforcement vessels correlated with the increase of intrusions of Vietnamese vessels. What should be kept in mind is that all this information is problematic in nature—the number of Chinese vessels is reported by Vietnamese sources, and the number of Vietnamese intrusions by Chinese sources. There is hardly a neutral way to confirm the real numbers of intrusions on both sides or even to establish who made the first step. Yet, it is unlikely that the media on both sides would make up the increasing trend altogether. All in all, the increasing presence of law enforcement vessels of China constitutes at most a policy adjustment for there is no new action of China which could be regarded as inappropriate in its scope, although China reportedly was increasing its activity.

China routinely asserts its claims in the SCS by foreign ministry statements and/or articles in *People's Daily*. China started to be more active in its diplomatic push since 2007 as a response to Vietnam's increasing effort to individually develop its offshore oilfields. It objected 18 times to foreign oil companies which were planning to be involved in Vietnamese projects. There is evidence that in some cases the foreign companies, such as BP and ConocoPhillips, gave in to the pressure and abandoned their Vietnamese projects (Fravel 2011, pp. 302–303). Oil-related activities in the disputed areas commenced only in the 2000s, and hence it is impossible to compare China's behaviour in the areas at the time to any previous instances. The evidence suggests that China started to increase its pressure on companies working in the blocs assigned by other countries since 2007; namely, it started to increase the pressure on the companies when the joint development project between China, Vietnam, and the Philippines was about to expire (in 2008), but still before the assertive shift was supposed to occur (2009–2010) (Hayton 2014, pp. 137–144).

According to available accounts, Chinese diplomats acted in the cases in which companies were developing or trying to develop newly assigned blocs in waters within the Chinese nine-dash line. China reportedly threatened that the companies may lose their contracts in China or that their personal safety in the disputed area cannot be guaranteed (Hayton 2014, pp. 137–144). Overall, the diplomatic pressure against foreign oil-related activities will be coded as 'policy adjustment' since China acted in line with its long-standing position towards new development, and it started already before the assertive shift was supposed to occur in 2009–2010.

Finally, the PLA Navy has been becoming continuously more active in the SCS region ever since the 1990s, when China started to boost the capabilities of its South China fleet. The PLA appeared to start conducting regular patrols in the SCS in 2005, and since late 2008 Chinese flotillas stopped in the SCS on their way to the

Table 2.1 Allegedly assertive actions of China prior to 2011

Chinese action	Time of occurrence	Category of behaviour
Labelling the SCS as a Chinese core interest on a par with Tibet and Taiwan	2010	Not relevant (misinterpreted)
The *Impeccable* incident	2009	Not relevant (it took place in an undisputed Chinese EEZ)
Submission of the nine-dash line to the UN	2009	No policy change (China's long-standing position, triggered by a new external development)
The more active defence of Chinese fishing activities, including the imposition of a fishing ban	Since 2009	Policy adjustment (expansion of the scope of previous policy, a reaction to a new external development)
More frequent patrols by administrative agencies	Since 2005	Policy adjustment (reactions to a new external development, a continuing rise of China's presence)
The diplomatic pushback against other states' oil-related activities	Since 2007	Policy adjustment (reactions to a new external development in line with China's long-standing position, no shift in 2009–2010)
Increasing PLA Navy activities	Since the 1990s	Policy adjustment (a continuing rise of activity, no explicit evidence of new assertive action)

Source: Own analysis

anti-piracy operations near Somalia's coasts (Swaine and Fravel 2011, p. 6). The most violent clash occurred in 2007, when the Chinese Navy sank a Vietnamese vessel and killed a fisherman (Jerdén 2014, pp. 73–74). Similarly to the situation with the enforcement vessels, no evidence of a clear policy change can be found in 2009–2010, but the long-term dynamics seems to confirm the growing Chinese activity. This would constitute at most a policy adjustment in the 2009–2010 period.[10]

Before concluding the description of China's behaviour in the SCS in 2009–2010, it should be re-emphasized that China was not the only country increasing its activity in the SCS in the period prior to 2011. As was pointed out in the relevant places, many Chinese actions were taken as a response to some of the actions of other claimants or at least at the same time as their actions. This is quite natural behaviour for a country with disputed claims, and it is in line with international law, which expects a claimant to constantly assert and demonstrate its sovereignty. The increasing patrols in the disputed waters can be, for example, regarded as answers to the moves of the Philippines and Vietnam, which were adopting legal measures strengthening their claims and administration of the disputed features and waters. The PLA activity might be, similarly, an answer to Vietnamese attempts to 'internationalize' the dispute (Swaine and Fravel 2011,

[10]See Table 2.1 for summary of the relevant events, their labelling, and argumentation.

p. 7). According to Chinese sources, more than 300 incidents have occurred since 1989 in which Chinese trawlers were fired upon, detained, or driven away. In 2009, for example, Vietnamese vessels reportedly fired three times on Chinese boats, wounding three Chinese fishermen. That same year, ten Chinese trawlers were reportedly seized (Fravel 2012).

Here is a list of selected actions of claimants other than China (Fravel 2012, pp. 15–16):

- 2006–2007: Vietnam increases oil exploration projects in disputed waters.
- January 2007: Vietnam adopts its maritime strategy, planning to increase its share of maritime industries (mainly oil and fishing) to 55% of its GDP, which was previously 48%.
- April 2007: Vietnam elevates the Spratly Islands to the level of a township.
- February–March 2009: The Philippines adopts an archipelagic baseline law that includes claims to some of the Spratly Islands.
- March 2009: The Malaysian Prime Minister visits a Malaysian-controlled feature in the Spratly Islands.
- November 2009: The first international conference is organized by Vietnam as part of its attempt to internationalize the dispute.
- December 2009: The number of Vietnamese fishermen sheltering in the Paracel Islands increases.
- March 2010: The Vietnamese Prime Minister visits the Vietnamese-controlled feature in the Spratly Islands.
- February 2011: The Philippines begins its oil exploration work in the Spratly Islands.
- March 2011: Vietnam begins its oil exploration work in the disputed waters.
- June 2011: Vietnam holds live-fire naval exercises in the SCS.

The Summary and the Argument

The assertive China discourse developed as a reaction to the allegedly changed behaviour of China in the period of 2009–2010. However, after going through the examples presented as the evidence of the alleged Chinese assertiveness, it appears that the narrative has been exaggerated at the time. While the SCS is most often mentioned as the area where Chinese foreign policy indeed was supposed to become more assertive, the individual events in the SCS show, at most, policy adjustments—and in most cases the Chinese actions are reactions to other claimants' moves. Moreover, the Chinese reactions were not entirely disproportionate when compared to the moves of the other countries. China, for example, has not sent any high-level delegations to the disputed features like the Philippines, Vietnam, or Malaysia. The Chinese increased activity in defending China's fishing and oil rights coincided with the increased activity of Vietnam and the Philippines in exploiting these resources. Similarly, the submission of the nine-dash line to the UN was a direct reaction to the submissions of Vietnam and Malaysia. Finally, the assertion that China labelled the SCS as its core interest on a par with Tibet and Taiwan in 2010 was found to be a misinterpretation, and the *Impeccable* incident is not applicable to the SCS dispute case.

Still, China did become more active in the SCS. In particular, it started to defend its claims more actively.[11] Even though these claims have not been adjusted for decades, the level of activity with which China decided to impose them and also react to other countries' moves was growing. Moreover, and this might be one of the crucial causes for the 'assertiveness discourse', the Chinese *rhetoric* changed. The best example of this is the quote of the Chinese Foreign Minister Yang Jiechi at the ASEAN Regional Forum presented at the introduction of the thesis, but there have been more instances where China was perceived as speaking in a tougher way than was the norm in the preceding years (International Crisis Group 2012, p. 5).

2.2.2 The Period of 2011–2016

The reviewed works of literature discussing Chinese assertiveness all focus on the period when the actual policy change towards a more assertive posture on the part of China allegedly happened—the years 2009–2010. This is also natural since not much time has passed since then, and therefore researchers might not have been able yet to study the newer development rigorously. Another reason why scholars have not devoted more articles to the 'assertive' narrative in the post-2011 period might be that Chinese policies actually became undisputedly more assertive since then, and hence it may seem not to make much sense to question this development. Moreover, the US pivot to Asia and the continuous activities of other claimants create a spiral of events in which it is difficult to differentiate between actions and reactions of China and other actors. This should, however, stimulate more rigorous descriptions of the dynamics on the ground and the discussion about the driving forces of what seems to be undisputedly assertive behaviour on the part of China.

The post-2011 period brought a few major incidents in which China played a leading role and which could, at first sight, be regarded as assertive policies of China. These incidents include the cable-cutting incidents in 2011 and 2012, the Scarborough Shoal stand-off in 2012, the Second Thomas Shoal stand-off in 2013, the oil rig incident in 2014, China's reclamation work, and the militarization of the Chinese-controlled features since 2014. Most of the attention in this section will be paid to studying these incidents.

The Cable-Cutting Incidents in 2011–2012

In 2011 and later also in 2012, China repeatedly cut cables on seismic survey vessels of Vietnam in an apparent attempt to continue in disrupting its oil-related activities, which went on notwithstanding China's diplomatic pressure since 2007 (see Hayton 2014, p. 144). The first case occurred on 26 May 2011 when three

[11] It might be suggested that the scope and nature of the Chinese claims are already inappropriate. The tentative position about the legal strength of the Chinese argumentation was presented in the previous section. It is not the goal of this book to present an exhaustive legal analysis of the claims.

Chinese paramilitary ships managed to cut across and sever a cable, although it was protected by a few fishing trawlers, which, nevertheless, couldn't protect the entire length of the cable. There were at least two other instances of Chinese maritime agencies cutting cables of Vietnamese surveying ships in 2011 (Ministry of Foreign Affairs Vietnam 2011) and some other instances in which China attempted to block seismic research of the Philippines and Malaysia (Ministry of Foreign Affairs Vietnam 2011, pp. 144–147). And then further cable-cutting incidents happened in 2012, again involving Vietnamese vessels (Page 2012).

Understandably, China rejected claims of any wrongdoing on its part, and it asserted that Vietnam escalated the dispute by operating in the area belonging to China. In the words of the Chinese MFA, by doing so, Vietnam 'gravely violated Chinese sovereignty and maritime rights' (BBC 2011). At the same time, there was reportedly no consensus within China regarding the activity, and some voices acknowledged that the cutting of cables went too far. Professor Zhu Feng of Peking University commented that while he did not believe that China became more assertive, he said that 'the cable cutting is really unfriendly' (Perlez 2012).

From the Chinese perspective, the cable-cutting policy was in line with its previous position with the aim to prevent foreign countries from exploiting areas which China considers as its own. However, cutting cables is clearly a bold action and it raised much attention. No other claimant in the SCS dispute reacted in this way to other countries' activities, and there are no similar instances of physical sabotage of survey activities. The Chinese policy provoked a popular outcry in Vietnam, resulting in hacking attacks on Chinese webpages and public protests; at that time, however, they were suppressed by Vietnamese authorities (BBC 2012).

The cutting of cables will be regarded here as a case of assertiveness of China, since it was qualitatively different and much bolder than any other policy in the years before, although it reacted to the new development and was in line with the long-standing Chinese position.

Scarborough Shoal in 2012

Between April and June 2012, the Philippines and China were engaged in a stand-off in the disputed Scarborough Shoal. The incident began on 10 April when Chinese fishing boats were spotted in the waters by Filipino reconnaissance planes (Zachrisen 2015, pp. 85–86). The crew of the Philippines' *Gregorio del Pilar*, the biggest warship of the navy, allegedly inspected the boats and discovered protected maritime species on them. When they tried to arrest the Chinese fishermen, they were prevented from doing so by accompanying Chinese surveillance vessels. The Chinese version of the story is different, though. China claims that the Chinese fishermen tried to take shelter in the shoal during harsh weather. The Philippine naval boat blocked the entrance to the lagoon and harassed them. The Chinese surveillance vessels were then sent to protect the fishermen (Zachrisen 2015).

No matter the trigger, the vessels from both sides were then involved in a stand-off (Abb 2016, p. 147). After a couple of days, the Philippines replaced their navy with coast guards, which then stayed in the place opposing their Chinese counterparts until June,

when both sides pulled out, officially citing typhoon warnings as the reason (International Crisis Group 2012, pp. 8–10). The agreement about the withdrawal was allegedly brokered by the USA, although China later did not confirm that any agreement was reached and it reasserted its claims over Scarborough Shoal (Glaser and Szalwinski 2013, pp. 5–8). Chinese ships were spotted in the place soon afterwards, and China has remained in control of the area ever since then (see also South China Sea Think Tank 2016).

An important aspect of the event was the increasing pressure China was putting on the Philippines during the incident. China never sent in their military, but the most advanced and armed law enforcement ships were present. At one point there were allegedly 90 Chinese vessels facing only two ships of the Philippines (Goldman 2013, p. 6). Besides this, China was steadily increasing its diplomatic pressure on the Philippines by repeatedly summoning its ambassador in Beijing, which was accompanied by editorials mentioning a potential for war between the countries (China Daily 2012).

Even more importantly, China used economic measures to achieve its political goals. China decided to cut its banana imports from the Philippines, officially citing quality issues. This resulted in a significant decrease of the Philippine bananas in the Chinese market, both in terms of quantity and in terms of their share in the market. In their place, the imports of bananas from Ecuador to China surged. Similarly, China issued a security warning to Chinese tourists resulting in a considerable decrease of Chinese tourists in the Philippines, in particular in the form of organized groups. In both cases the impact on the Philippines was sensible, in particular in areas dependent on tourism and banana production. Moreover, since the sanctions were not formally announced by China, they could have been perceived as a signal of China's resolve and a warning of possible more extensive sanctions to come. After the Philippines basically complied (with the face-saving typhoon explanation) and withdrew its ships from the shoal and the problem of China remained under control, the Philippine banana exports to China restarted and even surpassed the level from before the crisis. Similarly, the number of Chinese tourists in the Philippines returned to its normal level after a few months (Zachrisen 2015, pp. 87–95). The whole application of the economic measures can be seen as a 'carrot and stick' tactic—China initially pressed the Philippines and then rewarded it when it succumbed to its will.

When analysing the level of assertiveness of China's action in this case, one must acknowledge the line of events. The beginning of the incident is not entirely clear since China and the Philippines present different stories about it. Nonetheless, the Philippines then dispatched its navy boat, which can be regarded as an escalation, although this was more symbolic than effective, considering that the aged warship itself could hardly compare with the modern Chinese enforcement vessels. The Chinese pressure on the Philippines can then be regarded as assertive—the number of vessels, the level of diplomatic and media pressure, and finally the application of economic sanctions can certainly be seen as constituting a very bold reaction and a new approach. All in all, China applied assertive measures in the case of the 2012 Scarborough Shoal incident. When the Philippines reacted to its presence (notwithstanding whether it was a provocation, an illegal activity, or a

legitimate presence), China used it as a pretext to increase its presence there and the pressure on the Philippines and eventually got its way by gaining control of the area.

The Second Thomas Shoal Since 2013

A similar incident between China and the Philippines started in May 2013 at the Second Thomas Shoal. The area is not far from the Mischief Reef in the Spratly Islands, which China got under its control in 1994/1995, for which it was heavily criticized by the ASEAN. In 1999 the Philippines deliberately ran aground an old ship called *Sierra Madre*[12] at the shoal, and ever since then it maintained a presence of about a dozen marines there. These marines must be sent supplies from the Philippines mainland, and they are rotated at intervals of a few months (Lovell and Himmelman 2010). Since May 2013 Chinese fishermen and enforcement vessels were spotted in the area, and they remained present there ever since. The incident in May 2013 started when Chinese surveillance vessels blocked some Filipino supply boats that were trying to reach the shoal and restock the supplies of the marines present on the spot (Glaser and Szalwinski 2013). The Philippines claimed that since 1999 China had never interfered in the restocking of the supplies of the crew stationed there (Baruah 2014). China, however, asserts that this time the boats were carrying building materials for constructing further infrastructure on the shoal. China furthermore calls on the Philippines to tow away the stranded ship, and hence it opposes any measures which would lead to a permanent occupation (Ministry of Foreign Affairs of China 2015d). In fact, the supplying ships indeed were carrying some construction materials—since the landed boat was beginning to rust out, the marines were instructed that it needed to be repaired. In the Philippines' view, this does not constitute an infrastructure construction, but China used it as a pretext to interfere in the Filipino communication line (Glaser and Szalwinski 2013; see also Glaser 2014).

The dispute and the stand-off went on in 2014, when the Philippines started to use civilian vessels to restock its positions in the Second Thomas Shoal. When China blocked the entrance, the supplies were sky dropped (Baruah 2014). The newer information from 2015 suggests that the stand-off is still going on, but in the meanwhile the Philippines managed to get through the Chinese blockade the material for the necessary repairs of the ship and thus prevent its complete disintegration (Mogato 2015; Tiezzi 2015). The situation around the Second Thomas Shoal later on further calmed down, although it seems that the Chinese vessels continue to patrol the area (Green et al. 2017) and the Philippines is not willing to relinquish its presence either (Mogato 2017). Both sides seem determined to play their waiting game.

With regard to the development at the Second Thomas Shoal, there was a discussion in the Chinese media about the repeating of the 'cabbage strategy' which proved successful at the Scarborough Shoal. Accordingly, in the area,

[12]Interestingly, the Philippines did not officially decommission the vessel, which might be an important issue considering its alliance with the USA.

Chinese vessels would form circles with the fishermen, enforcement agencies, and the PLA Navy, forming layers (Storey 2013a). The goal of such a strategy would be to put pressure on the Philippines and the present marines so that they would withdraw from the area because of either the lack of supplies, the deteriorating of the living situation at the rusted ship, or simply the pressure. Alternatively, any incident between the fishermen and the military would give a pretext to Chinese enforcement vessels or even the Chinese military to get involved.

The events at the Second Thomas Shoal since 2013 are to some extent comparable with Scarborough Shoal in 2012. The incident at the Second Thomas Shoal started with China increasing its presence there by citing the pretext of the Philippines trying to construct infrastructure there. While China states that it regards it as a breach of the DoC 2002, the Philippines asserts that it is only keeping the present infrastructure from deteriorating. Hence, as in the case of Scarborough Shoal, the two sides have differing interpretations about the reasons of the beginning of the stand-off. While China uses the construction work at the *Sierra Madre* as the pretext for the blockade, it has not engaged in any direct attempt to get the shoal under its control, which technically would not be a big deal for China. In this case, the Philippines, unlike at Scarborough Shoal, has tried its best not to give China any excuse to escalate the stand-off. Still, based on the relatively minor trigger of the blockade and the continuous long-time blockade itself, the Chinese behaviour can be regarded as assertive.

The Oil Rig Incident in 2014

On 2 May 2014, China deployed the Haiyang Shiyou 981 oil rig in the disputed waters near the Paracel Islands, namely, on the Vietnamese side of the median line between the Chinese and Vietnamese coasts in what China claims as its EEZ generated by the Paracel Islands (Bower and Poling 2014). Since the waters are also claimed by Vietnam as its EEZ, approximately 30 Vietnamese boats tried to intervene, but they were prevented from doing so by more than 80 vessels of the China Coast Guard. During the operation a few Vietnamese personnel were injured and detained. The oil rig remained on the spot until 16 July of the same year, although it was initially scheduled to remain there until 15 August (Leaf 2015). China argued that its mission was successfully achieved earlier (Thayer 2014b), although an alternative explanation was that it was due to an upcoming typhoon (Guardian 2014). A year later, in 2015, China redeployed the oil rig near the Paracel Islands, although this time it was within China's undisputed waters and closer to China's coast (Panda 2015a; see also South China Sea Think Tank 2016).

One of the direct outcomes of the incident was massive anti-China protests in Vietnam, which led to damages to Chinese property and deaths of Chinese nationals. Similarly, this event contributed to Vietnamese strategic considerations and further deepening of Vietnamese relations with the USA and other actors, possibly balancing China's power (Do 2014).

The oil rig incident is different to the incidents at the Scarborough and Second Thomas Shoals. Here, it is clear that the issue was started by China, and even though China naturally views its activities as legitimate, it played some role in its diplomatic,

media, and public reactions. China claimed that it had rights to the waters due to its sovereignty over the Paracel Islands and its EEZ. Similarly, China labelled the Vietnamese reactions as provocations, and it criticized Vietnam for not guaranteeing the security of Chinese people and property in Vietnam and even accused it of orchestrating the protests. Furthermore, China repeatedly criticized Vietnam for 'internationalizing' the dispute by trying to settle it multilaterally or by bringing in external actors such as the USA, India, and others. Still, even the Chinese media perceive the defensive reaction of Vietnam less negatively than that of the Philippines, which might be an implicit acknowledgement of the fact that the trigger in this case was undisputedly China.[13]

The deployment of the oil rig in the disputed waters near the Paracel Islands was the first time that China started drilling oil from disputed waters using an oil rig, although still not commercially and only on a temporary basis (Thayer 2014a). From this perspective, it is clear that the Chinese step was unprovoked and markedly different to any previous behaviour of China or any other actor in the region. The Chinese behaviour in this case can be regarded as falling within the scope of the assertive category.

Land Reclamation and the Construction and Militarization of the Outposts Since 2014

Since 2014 China engaged in massive reclamation projects and the construction of artificial islands[14] in at least seven locations in the Spratly Islands (Hardy 2014; Lee 2015a) and at least three locations in the Paracel Islands (Lee 2015b). Based mostly on satellite imagery and surveillance aircraft pictures, it is possible to have a superb and up to date description of the Chinese activities (see Lee 2016a; Asia Maritime Transparency Initiative 2016b). In the Spratly and Paracel Islands, they consisted of enlarging the dry area by reclamation works, building sea walls, and construction of various structures on them, including airfields, multi-floor buildings (some of them as tall as ten floors), radar towers, gun emplacements, ship docks, and helicopter bases. Some posts were constructed in such a way as to be able to serve as air and naval bases of China and to be able to harbour the biggest Chinese naval vessels and all types of China's aircraft. These works are consistent with the possible preparation of an air identification zone over the SCS, had China decided to declare one.

In particular, the Fiery Cross Reef seems to be becoming a new base for China's military power projection in the SCS. After the reclamation and construction works, the reef now hosts an airstrip (Hardy and O'Connor 2015) and a harbour, and it offers better access to deep waters for submarines than the submarine base in Hainan. With its strategic location in the central area of the SCS, just next to most of the trade traffic, and its rough equidistance between mainland China and the Malacca Strait, it is indeed an important strategic location for China (Lee 2015a). It is also the second most southern location or post controlled by China in the SCS (see South China Sea Think Tank 2016).

[13]For the Chinese media's perception of Vietnam and the Philippines see Abb (2016).

[14]Carl Thayer suggests a legal difference between the two terms; see Thayer (2015).

According to satellite imagery from early 2016, China possibly started the construction of the second airstrip in the Paracel Islands at the North and Middle Islands. This means China will have, if the works are successful, altogether four airstrips in the disputed areas of the SCS at its disposal—two in the Paracel Islands (one at Woody Island and the new one at the North and Middle Islands) and two in the Spratly Islands (one at Fiery Cross Reef and the as of now unfinished one at Subi Reef), with possibly one more under preparation at Mischief Reef in the Spratly Islands (Lee 2015d, 2016b; Asia Maritime Transparency Initiative 2016c).

In June 2015 China announced that the land reclamation in the SCS would end soon (Ministry of Foreign Affairs of China 2015b; BBC 2015a). According to satellite imagery, the reclamation indeed finished in many of the posts in the Spratly Islands, but the construction work was actively continuing. Besides this, the reclamation works in the Paracel Islands also went on after this date (Lee 2015c). There were signs that possible reclamation works might be started at Scarborough Shoal as well (Panda 2016a) but eventually in a rather surprising move China withdrew from controlling the area and allowed the Filipino fishermen to enter, although Chinese vessels remained present in the vicinity (Mogato 2016; compare with AP 2016).

China is not the only country that engages in reclamation and construction works in the SCS—Vietnam and Taiwan recently conducted such activities as well. However, the Chinese construction is unparalleled in its scope (Lee 2015c). According to the Pentagon, by August 2015 China reclaimed 2900 acres of land, Vietnam 80 acres, Malaysia 70 acres, the Philippines 14 acres, and Taiwan 8 acres (Lubold 2015). It is important to note, however, that Vietnam began reclamation work at its outposts in 2011 (Sand Cay) (Asia Maritime Transparency Initiative 2015a), in 2012 (West Reef) (Asia Maritime Transparency Initiative 2015c), and in 2014 (Cornwallis South Reef) (Asia Maritime Transparency Initiative 2015b), thus before the Chinese reclamation projects started.

China explains its reclamation and construction activities in the SCS by pointing at the fact that the other claimants already had airstrips in the area and they also engaged in the reclamation and construction works. Hence, China claims it is only catching up with the others. China also frames its new facilities as potentially providing various services for public goods in the area (Cui 2015). Moreover, it asserts that it has perfect rights to do what it is doing since it has sovereignty over the land features and the relevant waters. According to the statement of the foreign ministry, the reclamation works serve the main purposes of 'improving the living and working conditions of personnel stationed there, better safeguarding territorial sovereignty and maritime rights and interests, as well as better performing China's international responsibility and obligation [sic] in maritime search and rescue, disaster prevention and mitigation, marine science and research, meteorological observation, environmental protection, navigation safety, fishery production service and other areas (. . .) After the construction, the islands and reefs will be able to provide all-round and comprehensive services to meet various civilian demands besides satisfying the need of necessary military defence' (Ministry of Foreign Affairs 2015a).

If the oil rig incident in 2013 was regarded as a symbolic game-changer, the reclamation and construction works commenced by China since 2014 should be seen as the real game-changer of the struggle to get the SCS under control. In the scope of a year or so China managed to improve its position from that of a geographically faraway and disadvantaged country without suitable permanent posts in the disputed territory to that of the country with the most advanced infrastructure capable of supporting military projection right in the middle of the disputed area from various significantly strengthened posts. The rapid geostrategic change stemming from the reclamation and construction works can hardly be overstated. The activity of China was not directly provoked by other claimants; however, the reclamation activity of Vietnam which started in 2011 can be regarded as a contributing factor. Furthermore, the timing of the Chinese reclamations suggests a clear link to the Philippines-initiated ruling in The Hague.

Directly linked to the reclamation and construction works China commenced in the SCS in 2014, the issue of potential military use of the newly dried areas and the facilities constructed there appeared right after their discovery. The concept of 'militarization' with regard to the SCS has recently become much politicized with China and the USA in particular condemning each other for the 'militarization' of the SCS. China, however, asserts that military facilities do not equal militarization (Panda 2015b). Nevertheless, to avoid confusion and for the lack of alternative terms, the word 'militarization' will be used here, and it will mean the activities directly linked to showcasing or improving military capabilities in the SCS, including building military facilities on the newly constructed outposts.

China's positions towards the potential military use of its newly improved outposts have been changing. In September 2014 the foreign ministry stated that the construction is 'mainly for the purpose of improving the working and living conditions of people stationed on these islands', and in November it was added that the newly built outposts can help in meeting China's international obligations. In April 2015, however, the foreign ministry admitted that the newly built features are *mainly* for civilian purposes but also for 'necessary military defence requirements' (cited in Glaser 2015). In January 2016 China tested the constructed airstrip on Fiery Cross Reef using two civilian aircraft (Guardian 2016). There are real possibilities that soon China will also deploy military aircraft to the new air bases. Moreover, for the outposts to serve the functions China claims for them, they would have to host permanent on-site aircraft (Sonawane 2016).

The deployment of missile systems by China is perhaps the most straightforward example of a move which can hardly be presented as a non-military one. In February 2016 Taiwan's defence ministry announced that missile batteries have been set up on Woody Island in the Paracel Islands, and the information was also confirmed by a US defence official (Reuters 2016). In late March it was confirmed by Jane's and other sources that China has deployed surface-to-air and anti-ship missiles on Woody Island (Panda 2016b). China called the information 'hype' and reasserted its position that the constructed facilities provide for only limited and necessary self-defence in line with the international law (Mohammed and Wu 2016). On the other hand, China accuses the USA of being responsible for the

'militarization' of the SCS by deploying aircraft and warships there and also mentions the American long-term plan for having 60% of its navy in the Asia-Pacific region. China also sees the USA changing its position from being impartial to being partial and from intervening behind the scenes to public involvements (Time 2016). Another face of the Chinese 'militarization' of its newly constructed outposts is the deployments of Chinese Navy vessels. At least three locations (Mischief Reef, Subi Reef, and Fiery Cross Reef) have received PLA Navy frigates. While they have not been based there temporarily, the posts will probably have this technical capability once the construction works are terminated (Clapper 2016).

All in all, the newly constructed Chinese facilities in the SCS have, according to the US Director of National Intelligence, a capability beyond the necessary self-protection and, hence, allow for external power projection in the region (Clapper 2016). While China claims that the nature of its activities is not different from those of other claimants and it accuses the USA of militarization of the region, the Chinese steps are hardly provoked by others and hardly directly respond to others' activities. The militarization of the newly constructed outposts will be therefore regarded as an example of Chinese assertiveness.[15]

The Summary and the Argument

The conclusion from the five presented incidents in 2011–2016 period is unequivocal—China became assertive in its behaviour. While the international discourse of Chinese assertiveness developed already in response to the events of 2009–2010, it was suggested in the previous section that it was exaggerated at that point. However, China actually did become assertive—as the discourse holds—but only since 2011.

What was omitted in this section to some extent was the policies of other claimants and actors. In some respects, their strategic behaviour reacted to what they believed was Chinese assertiveness in 2009–2010. This belief also prompted the USA to maintain a more robust presence in the Asia-Pacific as part of President Obama's 'pivot to Asia'. The increased attention of the USA was obvious particularly in its diplomatic attention and rhetoric but also in its strengthened military presence and renewed economic projects, such as the TPP. The second very important event was the Philippines' decision to turn to the Permanent Arbitrary Tribunal in The Hague in 2013 to clarify the consistency of China's claims with the UNCLOS and obviously its final decision. This met with a strong and repeated refusal on China's part which ignored and did not recognize the process and the outcome.[16]

The international strategic environment of China in its near seas arguably worsened as a result of the US pivot to Asia, the tribunal hearing, and some other balancing steps of other actors in the region. As was suggested in this section, this

[15]See Table 2.2 for summary of assertive events, their labelling, and argumentation.

[16]China consistently opposes what it calls the 'internationalization' of the dispute and the third party mediation, and it sticks to its principle of resolving the issue bilaterally. See, for example, Ministry of Foreign Affairs of China (2015c, e).

Table 2.2 Assertive actions of China since 2012

Chinese action	Time of occurrence	Category of behaviour
The cable-cutting incidents	2011–2012	Assertiveness (qualitatively new policy behaviour, a policy response to new actions of other claimants)
The Scarborough Shoal stand-off	2012	Assertiveness (a quantitatively unusually bold response to the deployment of the Filipino Navy vessel, the qualitatively new policy of economic sanctions)
The Second Thomas Shoal stand-off	Since 2013	Assertiveness (an unusually bold response to a new Filipino action)
The oil rig incident	2014	Assertiveness (a qualitatively new policy move without being directly reactive to any action of another actor)
Land reclamation, constructions, and militarization of the outposts	Since 2014	Assertiveness (a qualitatively and quantitatively unusually bold response to the arbitration hearing initiated by the Philippines)

Source: Own analysis

worsening was partly the result of China's behaviour but also partly driven by exaggerated perceptions which in fact predated the actual assertive shift of Chinese foreign policy in the SCS, which happened only since 2011, as shown in this chapter. From this perspective, China lost its control over the international discourse after 2010, and the worsening of the international environment might have prompted it to attempt to strengthen its positions on the ground, possibly in expectations of more intense rivalry. These findings suggest an interesting development in the areas of various sources of power, including geopolitics, soft power, and others. The next chapters will shed light on the development of China's power in all the defined areas of power at the three levels.

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Chapter 3
A Comprehensive Concept of Power in International Relations

3.1 China's Power: Theoretical and Practical Issues

Power is regarded, at least by the realist tradition of international politics, as the currency of international politics, and its function is thus similar to the function of money in economics (Mearsheimer 2007, p. 72; Baldwin 1971). In the anarchic international system we are living in, maximizing power has been seen as the major means of sovereign states for assuring their security and survival (Waltz 1979; Walt 1991). Assessing the power of one's own state and those of others and understanding the nature of power are, from this perspective, the most crucial responsibilities of statesmen. The successes of the most triumphant politicians have been interpreted in relation to their alleged superb understanding of power relations—think of Otto von Bismarck, Chancellor Metternich, or Cardinal Richelieu (Kissinger 1995).

The Chinese tradition of looking at power has been equally rich, although by no means the same. Starting from Sun Zi's classical work *The Art of War*, the Chinese have paid more attention to various faces and perceptions of power than Western thinkers. The Chinese approach can be seen as holistic and as employing sophisticated *stratagems* while estimating the enemy's power and hiding one's own (Yan and Huang 2011). On the other hand, it should be kept in mind that the communist leader Mao Zedong stated famously that 'political power grows out of the barrel of the gun' (Tung 1966), thus minting a tight link between political power and violence.

It is no surprise that such a major structural change in the recent international system as the rise of China provoked thinking about power and its implications. From a certain perspective, China's rise looks like a textbook example of power transition, which in the past led to some of the most devastating wars in human

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history (Organski 1968; Organski and Kugler 1980). This argumentation line produced some of the most influential works interpreting China's rise and its impact on the world, which were overwhelmingly negative in nature and foresaw a major clash between China and the USA (Mearsheimer 2010; Friedberg 1993). Nevertheless, there have been many who disagreed with this world view and offered more optimistic views of the future development of the Asia-Pacific order. G. John Ikenberry (2013) thinks that the current power shift in the region would not follow the historical examples due to various reasons, including the pacifying effect of nuclear weapons, and the primacy of liberal democracies and the capitalist world economic order. Steve Chan (2008), p. 16 offered a critical reading of the past power transitions and argued that the thesis of the general necessity of hegemonic war is faulty and that it downgrades the particular validity of the theory in the case of China's rise. David Kang (2007) argued that while the European diplomatic tradition might have been structured according to the power transition thesis, Asia, in general, and China, in particular, are different. The historic acceptance of Asia's hegemonic unipolar system, which centred on the benign China and was respected by other Asian countries, resulted in a comparably more peaceful international system in Asia than the one in Europe. Other critics point towards the inherent danger of designing theories expecting a hegemonic war, since there is the possibility of the expectation becoming a self-fulfilling prophecy.[1] There are also those who see regional and global institutions as serving as a sufficient moderating force and those who expect a high level of international economic interdependence that would make military conflicts unfavourable for everyone and thus too improbable to occur (He 2009).

No matter the theoretical background, most authors take it for granted that China is undergoing a major rise in power, both regionally and globally.[2] This leads many to focus on what impacts it would create for the rest of the world, how China would use its power, and how other countries would react to that. Interestingly, there have been a few authors studying the very assumption, i.e., reviewing how powerful China really is. The question of China's power has been generally dealt with by authors in various ways. A number of titles of books or articles dealing with China add words such as 'power' or 'rise', yet these texts deal with the matter of China's power rise as a starting point, instead of as the issue of their research.[3] Furthermore, a countless number of studies have been devoted to only a single factor of China's power—most typically the military or the economy. Quite a few have dealt with the issue of China's power as an inherent part of their wider research objective.[4] Some

[1] Joseph S. Nye (2015) or Hugh White (2005, p. 469).

[2] However, this does not mean everyone thinks the gap between China and the USA is narrowing down; e.g. see Michael Beckley (2011, pp. 41–78).

[3] See, e.g., Robert G. Sutter (2012), Deng and Wang (2010), Gill Bates (2010), Rex Li (2008). In the Czech context, one of the very first publications dealing with the international relations in the Indo-Pacific region also contains the key words of the Chinese (and Indian) rise: see Rudolf Fürst (2011).

[4] For example, Nathan and Scobell (2012) or Avery Goldstein (2005).

expressed the belief that improving our standardized quantitative power measurements can be a method for telling exactly how powerful China—or any other country for that matter—has become.[5] Only a handful of scholars, though, took up the challenge and studied the question of China's power explicitly and comprehensively. Their work will be discussed in detail, and it will be shown that it, too, contains limitations. In the following chapter, firstly, the concept of power will be defined, conceptualized, and operationalized. On this basis, the consequent discussion of the literature on China's power will look for the identified features in the published works on China's power.

3.2 The Model of Power for Analytical Use in International Relations[6]

3.2.1 Defining and Conceptualizing Power

In this part an understanding of power will be presented and clarified. One of the important outcomes of this will be a clearly operationalized concept which will be possible to apply in a situation of a regional international system, in a specific relation between a number of (state-like) actors of the international system, and to the concrete foreign policy of an actor regarding a certain issue, in our case the South China Sea (SCS). It should be stressed that the goal is not to present a universal understanding of power in every aspect of political life, even if some adopted approaches may be inspiring and applicable to other situations outside of the scope of international politics. We deal specifically with relations *between* the state-like entities, not with relations between various agencies *within* a state. On the other hand, the systematic approach to power presented here is not 'Sino-centric' or in any way specifically 'Asian', and it should be suitable for application in different contexts and (regional) international systems outside the South China Sea and the Asia-Pacific with similar goals.

There are no right or wrong definitions of academic concepts—every author (explicitly or implicitly) defines and uses concepts in the way which suits his or her specific research needs. The main demand for the conceptualization of power for this study comes from a need to be able to say how powerful the relevant actor is and to what practical consequences its power and its possible changes have led until now. Therefore, the model of power should be able to reasonably *assess* power, on the one hand, and relate it to dynamics taking place on the ground, on the other. The following discussion will begin with a definition of power and then continue with its

[5]For an excellent collection of all known quantitative measurements of power, see Karl Hermann Höhn (2011).

[6]Parts of this section appeared in Richard Q. Turcsányi (2016).

clarification, connecting and comparing its aspects with those of various authors writing on power.

Power will be understood throughout this book as an *ability (of an actor) to achieve and/or sustain a desired situation*.[7] This definition treats power strictly as an *ability*, and as intentional in nature, as encompassing not only 'power over' another actor, but also 'power to' achieve something. Yet, in this definition, power is still viewed as being relative in general, dynamic, contextual, and issue-specific capability. Power should not be equated with other words. Terms such as 'sources of power', 'exercise of power', or 'power outcomes' signal that the notions behind the words are somehow related to power, yet not notions of power itself. Power can be instead viewed as a middle category between the sources of power and exercise of power—an actor needs to control some sources of power to have the power (ability), and it needs to have the ability (power) to exercise it and achieve a certain outcome.

Power shares some of its characteristics with 'influence', but not all of them, and it is exactly these different meanings of the two terms which can shed light on what the specific characteristics of power are. Peter Morriss (2002) reminds us that power is linked to intentional effects when an actor performing power can choose whether to exercise it or not. On the other hand, 'influence' simply says that someone (or something) *affected* something else, no matter whether purposely or not.

Power is thus the ability to willingly achieve something. Connecting power neatly with the intention/purpose/goal is in line with Martha Finnemore and Judith Goldstein (2013, p. 16), who claim that 'power is a glue that connects interests and ideational factors with policy outcomes', and with Paul D'Anieri (2014, p. 88), whose introductory book on international relations bears the subtitle 'Power and Purpose in Global Affairs', suggesting (and repeatedly noting) that purpose needs to be taken into account together with power, which is something realists have often forgot, as they merge the two into a single category. Actors often strive for goals which are regarded by many as illogical or even detrimental to them. Yet, it still allows for discussions about their ability—i.e. their power—to achieve these goals.

Steven Lukes (2005) is perhaps the most well known among authors who claim that power can be exercised also in an unintentional way. After criticizing the behaviourist traditions of understanding power as too narrow and classifying them as the first and second dimensions according to his typology, Lukes moves on to present his third dimension of power, in what eventually became a traditional multidimensional understanding of power (Berenskoetter 2007). Among other ideas he presents, he talks about real or objective interests, covert/latent conflicts, manipulation, inducement, encouragement, and persuasion, which he sees as typical instruments of his third dimension of power Lukes (2005, pp. 29–36).

A position of this book is that we cannot talk about power when an actor influences someone or something without knowing it. If an actor has an ability to

[7]Similar versions of the definition of power have been used by a number of authors, e.g. Nye (1990b, pp. 177–192), Zygmunt Bauman (2011), and Martin Luther King (1967).

do something it does not want to do, it makes no sense to call this actor 'powerful' (although it might be called 'influential' in this case). The discussion about actual and hidden benefits of desired goals is misplaced. There is no objective analytical method for how actual benefits can be measured. Furthermore, introducing diverse time horizons might completely change the picture when different things might be considered beneficial in the short term and the long term. From this perspective, power is really a connecting link of how to get from a certain plan to the actual outcome without judging the qualities of the envisioned outcome.

From the perspective of Morriss, Lukes' understanding of unintentional power would fall into the category of 'influence' and 'affect'. The view adopted here is that power is not just an abstract ability but an ability to *willingly* achieve something. Connecting power neatly with the intention/purpose/goal is therefore a stepping stone of this analysis.

Mark Haugaard (2012) identifies two understandings of power—'power over' and 'power to'. From this perspective, Dahl's (1957) famous definition of power as the ability of an actor A to make an actor B do something it would otherwise not do can be regarded as 'power [of the actor A] over [the actor B]'. Broadening the scope of power from a simple relation between the actors A and B, we can also take into account situations where the actor A is simply able to do something, not necessarily regarding other actors. While Dahl's strictly relative conception of power between two actors clearly falls into the scope of power, the ability of an actor may be also defined in other relations than its relation with another actor—these are included within the concept of 'power to'. 'Power over' can be in fact regarded as a subset of the 'power to', and therefore the two should not be viewed as being in contradiction (Pansardi 2012). At the same time, it is acknowledged that power is relative ability in general. An actor achieves or sustains the desired situation in a certain relative context of a given international system, and any change of the abilities of one actor affects the abilities of other actors to reach their goals defined in the same context, even if the two actors are not in a zero-sum game.

As already mentioned, Lukes brings in a potential influence of the structure. The influence of the systemic, or structural, level on actors of international politics has been a hugely discussed issue within political science and sociology, stemming in fact directly from the 'structure versus agency' debate (Dressler 1989), and it can be naturally approached from many perspectives. Marxism traditionally stresses the influence of structure (originally understood in material economic terms) over individuals/states. The very influential Italian neo-Marxist thinker Antonio Gramsci (1971) presented his concept of (cultural) hegemony, i.e. the effective control of a ruling system (class) over a population via ideational means. Immanuel Wallerstein (1974, 1980, 1989, 2011) presented an account of the influence of systemic factors in world history, understanding states as mere agents of wider systemic factors, in this case of the capitalist world economy. On a different note, Kenneth Waltz (1979), the founder of neorealism (also called structural realism), came up with a book about how the distribution of power among states creates a certain structure which then poses a significant influence on states and their behaviour. The author who developed and also named the concept of structural power was

Susan Strange (1994), who talked about the ability to shape security, production, finance, and knowledge institutions to serve some particular goals. It is the position of this text that the structural level does pose an influence on states and their abilities to act, yet the question of how far this influence goes will be left aside, and thus no side will be taken in the 'agency versus structure' debate.

Another issue criticized by Lukes is the difficulty of behaviourist approaches in observing nonevents/non-decisions. This was firstly presented by Bachrach and Baratz,[8] who suggested the so-called second face of power in addition to the original model proposed by Dahl and his followers, which emphasizes observable effects of power. The definition of power and the overall approach taken by this book might be criticized from Lukes' perspective as being too positivist. However, taking into account intentions as a crucial nonremovable factor of power should significantly improve our ability to observe not only events but also nonevents as we should have a much clearer idea about what to look for. If a certain situation can be identified as being a goal of the state, and the state did not achieve it, this would amount to a situation that can be analysed by the presented model of power.

David Baldwin (1979) emphasizes that power is a situation-specific ability, meaning that 'having' power in one situation might not mean having it in another. Baldwin also discusses the problem that political power indeed lacks such easily transformable vehicles as those of economic power—such as money. He goes on to discuss the roles of various sources of power, and he suggests that while some sources might be useful for achieving certain goals, they might be useless for—or even detrimental to—achieving other goals. Having nuclear weapons might be very useful for securing the sovereignty of the state, but they have little use in forcing people to vote in a certain way. This understanding explains what the so-called paradox of unrealized power is all about. In a certain situation, a 'powerful' country in fact lacks the issue-specific power to achieve a certain goal, and so it is actually not powerful in the given context. On a similar note, Michel Foucault (2002) asserts that power is a 'fluid' quality, and it cannot be statically held; it can only be exercised.

Morriss (2002, p. 284) presents the example of a whiskey bottle, which can (has the power to) intoxicate a person. The bottle *seemingly* possesses the power, as Morriss would say. However, this ability is dependent on who actually drinks it. A person who has never drank alcohol might be drunk after two glasses, while an experienced drinker can have a whole bottle and still stand still. Applying this logic, it really seems it cannot be clearly established whether the whiskey can or cannot intoxicate; it depends on circumstances—the context. While we can make reasonable guesses about its abilities, it can only be established that it could do something after it actually did it. At the same time, perhaps ironically, we must not equate an ability to do something with the actual doing (Morriss 2002, pp. 284–286).

Therefore, it is the position of this book that power cannot be objectively and effectively measured and quantified, not for our technical inability but for the

[8]Cited in Steven Lukes (2005 pp. 20–25).

inherent nature of the concept. Power is a fluid ability which can be fully confirmed only after it is exercised. In this situation, analysts of power are left with two options of how to assess power. There is an option of analysing the *sources* of power at the beginning of the process, and there is an option of observing the prevailing state of affairs at the end. While we cannot establish ex ante exactly how powerful a certain country is, we can attempt to assess its power based on its intended goals and the sources of power it controls. Observing the situational outcomes ex post and comparing them with the sources of power, we can then discuss the relative importance of various sources of power with regard to the prevailing effects.

Making a step backwards to Dahl, power has been sometimes viewed as a probability of prevailing in the interaction between the involved actors (Dahl 1957, p. 203). In light of what has been said, it makes analytical sense to talk about probability in terms of sources of power (which is what Dahl actually does), but not in terms of the power itself. In ex ante analyses, the best available option is to assess the power of the involved actors based on the sources of power which are deemed relevant in the given situation. Such an assessment can, indeed, give, at best, results in terms of probability of which actor would achieve its goals, since our analytical understanding would always only approximate the actual power distribution. However, in ex post analyses, it can be already clearly established who had the power to prevail (in cases of 'power over' situations) or to achieve their goal (in cases of 'power to' situations). In this case it does not make much analytical sense to discuss the probability, although technically it would still be possible.

Finally, it is crucial to acknowledge that in the real world, it is *perceptions* of power according to which decision-makers act, and these may differ to varying degrees from what the *actual* distribution of power might be. William Wohlforth (1987) shows on the example of the pre-1914 situation how the estimated distribution of power differed from the then perceived distribution and how they both related to the actual capabilities that were measured by seeing how actors performed during the war. This difference is highly relevant for it is the perception of power at a given time which influences policy-makers' decisions, yet the estimated power approximates the actual capabilities—the 'real' power.

In this situation, analysts of power are left with two options for how to assess/estimate power. There is the option of analysing the sources of power at the beginning of the process, and there is the option of observing the prevailing state of affairs at the end. While we cannot establish ex ante exactly what the actual power of a country is, by observing ex post situational outcomes and comparing them with the sources of power, we can discuss the relative importance of various sources of power with regard to the prevailing effects.

Summing up the main points of the presented understanding of power, a full power analysis of an actor contains three steps. Firstly, specific *intentions* need to be taken into account, for they influence what constitutes *sources of power,* which can be exercised in a specific context. Considering these sources of power is the second step of the power analysis. Thirdly, by looking at *outcomes,* it can be

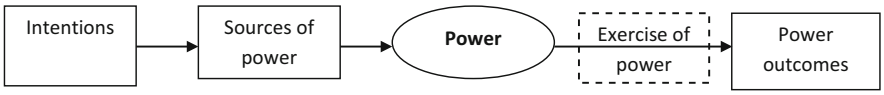

Fig. 3.1 Power and related concepts. Source: Own conceptualization

discussed to what extent an actor managed to achieve its goals and what sources of power played what roles in the process (Fig. 3.1).[9]

3.2.2 Sources of Power in International Relations

The consideration of sources of power is the most instrumental step from the three that were presented for analysing the power of an actor. While establishing the actor's intentions comes first, it can be treated as a prerequisite for power analysing, constituting a specific area of research. Similarly, analysing outcomes is relevant mainly because it validates ex ante assumptions about the relative importance of certain sources of power. The issue of whether an actor possesses or lacks sources of power is thus closest to the general understanding of what makes an actor powerful.

There is no standardized way to establish what constitutes sources of power in general, and we are thus left with relying on 'common sense'. However, to minimize the possibility that a certain important source of power would be missed, the three-level analytical approach inspired by David Singer (1961) can be applied in any situation when trying to establish what specific power sources are deemed relevant, which would then be conducted based on the specific goals of an actor. In this approach, the government/state level will be considered as basic, with the systemic/structural and societal levels serving to either facilitate or limit the state's abilities. It should be noted, however, that this primarily state-centred approach does not preclude a situation in which societal or structural sources of power might be more important than the state level in certain situations. Still, even in such cases, it is the government that is making decisions about the goals and trying to achieve them.

At the government/state level, military and economic sources are what Michael Barnett and Raymond Duvall (2005) call compulsory power, and they are often regarded as the most common sources of power. It should be noted that many authors divide them into the first and second 'dimensions' (Berenskoetter 2007; Lukes 2005) or into direct and persuasive power (Nye 2007). A number of other sources of power can be considered at the state level—such as the demographic, geographic, geological, ideological, cultural, and possibly other factors—but for the sake of clarity and straightforwardness, they will be omitted here. A

[9]See Fig. 3.1 for the scheme of power and related concepts.

qualitatively different source of power at this level, however, is national performance. As Ashley Tellis et al. (2000) argues, while a state might possess impressive resources of various natures, the efficiency (or, correspondingly, the lack) of using them might make the difference. The cases of India and Japan are good examples of how different endowments with the material sources of power lead to an actual power relation which goes exactly contrary to an expectation which would disregard the countries' national performances.[10]

At the systemic/international level, three areas of sources of power can be taken into account. First, the institutional setting expresses a position of a country within the formal institutional organizational structure, and thus the country's membership in both global and regional platforms will be included here. This is something which allows for what is commonly known as 'agenda setting'. Second, the country's geopolitical position is a power source, in our understanding, which is perhaps the least possible to measure and the most prone to interpretations. The international structure is a product of (mostly state) actors; therefore, every change in the actors' abilities, goals, and perceptions leads to adjustments in the structure. Yet the very structure itself also influences states and presents them with clear limits—or facilitates some of their intentions. And third, the country's international economic position (which will be also called 'geo-economics'), represented chiefly by trade, investment, and currency relations, is the last area considered at this level. The crucial categories here are sensitivity and vulnerability.[11] In a nutshell, states can use their asymmetrical trade and investment relations with other countries to pursue their political goals, and hence they try to make the other side more dependent on them than vice versa.[12]

Finally, at the societal level, two areas of power sources will be considered. The perception of itself that a certain country enjoys among a foreign country's population is what Joseph Nye famously calls 'soft power' (Nye 1990a, 2004). Soft power is associated with the ability of a state to achieve its goals by virtue of its inherent attractiveness, which allows it to influence the preferences of other states in line with its own interests. A successful and ideal use of soft power would have the nature of 'winning others over', as opposed to 'winning over others'. The wide acceptance of the positive nature of soft power leads many states to develop public diplomacy initiatives with the intention to help increase their image internationally (Melissen 2005). The second area of power at this level is the level of support (legitimacy) a government enjoys among its own population. This can be seen as similar to both soft power and national performance at the state level. However, soft power deals with the perceptions between societies, and national performance is

[10]See the relevant chapters in Tellis et al. (2015).

[11]The scheme of asymmetrical interdependence and the concepts of sensitivity and vulnerability have been significantly developed by Keohane and Nye (1977).

[12]The idea of using trade for political goals is not new and has been in the discipline of international economy at least since the publication of Albert O. Hirschman, *National Power and the Structure of Foreign Trade* (Berkeley and Los Angeles: University of California Press, 1945).

Table 3.1 Areas of sources of power

Structural/international level	Institutional setting	Geopolitical position	Position in international economy
State/government level	Economy	National performance	Military
Societal level	Domestic legitimacy		Soft power

Source: Own conceptualization

related mainly to the operational capability of dealing with a state's resources. Legitimacy, on the other hand, expresses the level of support a government receives among its own population. This is an important facilitator or limitation for the government's ability to achieve goals (Table 3.1).[13]

3.3 Critical Reading of the Literature on China's Power

When looking for scholarly publications which would deal with the issue of China's power in a comprehensive and conceptually explicit way, I have originally[14] ended up with only two monographs—David Shambaugh's *China Goes Global: The Partial Power* (Shambaugh 2013) and David Lampton's *The Three Faces of Chinese Power: Might, Money, and Minds* (Lampton 2008),—and the edited volume *Assessing China's Power* by Jae Ho Chung (2015). In this section, the three books will be discussed before I list other examples of scholarly works which give relevant insights into the question of China's power, but mostly without a clear conceptual framework, or as a by-product of their research whose main focus is elsewhere.

Shambaugh, in his book, asks the question of 'how China's emergence as a global power is affecting the world' (Shambaugh 2013, p. 41), and his motivation is really to see how influential China is globally. His approach is motivated by studying the horizontal spread of Chinese influence around the world, and he does so by examining five areas of China's presence—the diplomatic, global governance, economic, cultural, and security areas (Shambaugh 2013, pp. 5–6). These dimensions are supplemented by an important chapter (Shambaugh 2013, Chap. 2) dealing with Chinese global identities, where Shambaugh discusses how China sees itself in the world and what its roles and priorities are. Shambaugh's conclusion is that while China's presence is rising globally, China is not yet a global power. In all of the areas under examination, the author finds that the Chinese influence is surprisingly limited, leading him to label it as a 'partial power' at best (Shambaugh 2013, p. 6).

[13] See Table 3.1 for the scheme of three levels and eight areas of sources of power.

[14] Shortly before the manuscript of this book was finalized, a new highly relevant book on the topic of China's power appeared; see Enrico Fels (2017). The contribution of this book is going to be discussed at the very end of this section.

Shambaugh's contribution to the subject of assessing China's power is essential, and his book adds a great amount of facts and perspectives to our knowledge of the subject. Yet, the book leaves important conceptual questions aside. The main concept of the book—*global power*—is nowhere explained. Shambaugh instead spends time defining *power* (Shambaugh 2013, p. 7), yet his findings are framed more in the way of the former than the latter. On the same note, while he does restate Dahl's classical definition of power (Shambaugh 2013), he does not follow it strictly. Instead of power, throughout the book, he looks for China's *influence*. This stems from his assertion that 'wealth does not equal power which does not equal influence' (Shambaugh 2013). That is certainly true, yet while his book explicitly suggests that it deals with *power*, he seems to research *presence* and *influence*.

Shambaugh importantly discusses the level of global governance as one of the areas of China's potential influence. His findings state that China is not enthusiastic about the whole concept and has stood largely aside, acting only in regard to issues of its own interest and thus not being very influential overall (Shambaugh 2013, pp. 99–102). He considers this as a sufficient proof that China is a partial power in this area. However, it is not at all clear that influence in a great many areas of global governance is China's goal, first of all, or that it would thus say anything about its power. This is, in fact, an opinion which Shambaugh is familiar with, and he mentions that many in China think this way.

The second major contributor to the subject David Lampton addresses 'China's growing power, the diversity of this power, the uneven growth among its various forms of power, and what this means for the rest of the world' (Lampton 2008). The definition of power used by Lampton is taken from Joseph Nye in a slightly adjusted form as the 'ability to define *and* achieve one's purposes or goals' [italics in original] (Lampton 2008). The three faces of power mentioned in the title of Lampton's book form the conceptual understanding of power which is taken from the work of Amitai Etzioni, and they stand for military, economic, and ideational power (Lampton 2008, p. 10).

Compared to Shambaugh, Lampton's understanding of power should be regarded as conceptually better developed, and he applies it more rigorously. Another very important theoretical addition of Lampton is his differentiation between (unintended) impact and the exercising of power in an order of conscious achievement of one's own (defined) goals (Lampton 2008). This approach means that Lampton would not follow Shambaugh's suit in claiming that China's lack of influence on some global governance issues demonstrates a lack of China's power in this realm.

Unfortunately, while the analysis of the three faces of power throughout the book should be praised for its sound theoretical bases and it is very well backed with evidence, the author seems to overlook how China defines its goals and whether it achieved them—issues which are also part of his definition. Furthermore, an important and, in fact, the major shortcoming of Lampton, compared to Shambaugh, is that he does not discuss explicitly the structural/systemic level. Hence, the criticism of Lampton is more of what could have been added rather than of what could have been done otherwise.

The self-assigned goals of the Jae Ho Chung's edited volume (Chung 2015) are very close to what this book tries to tackle—answering the questions of how

powerful China has gotten, how it related to the USA, and what future trajectories we can expect in terms of China's power. Moreover, the editor's starting points presented in the first chapter are also in line with the understanding of power here. Importantly, Jae Ho Chung explicitly notes three issues to consider when dealing with power. First, the actual power and the perceived power might differ. Second, power is not always automatically translated into influence. Third, power should not be assessed single dimensionally, and, in particular when assessing a nation's comprehensive power, one must take into account multiple dimensions (Chung 2015, p. 2). Following this, the volume assesses China's power along four dimensions—domestic (economic and political) capabilities, military capabilities, external adaptability, and perceptions by others.

The shortcomings of the book are related to its form as an edited volume. It is only the introductory chapter of the editor which attempts to put the power assessment of China into a certain framework. Still, no clear definition of power is explicitly submitted, although implicitly the author arguably focused on the pertinent aspects. The introduction is more of a summary of the chapters' findings rather than a presentation of a framework under which to study China's power systematically and comprehensively. The individual chapters then do not follow any unified approach, and their goals vary. Most of the chapters in fact focus on a single source of power (e.g. the military, the economy, soft power, or national performance) (Chung 2015, parts I, II, and III). Further chapters discuss issues such as how the region has reacted to China's power, how the Chinese approach towards the global system has been changing, and how China perceives its own power (Chung 2015, parts IV and V). Moreover, these chapters do not build on the findings from the studies of individual sources of power. Eventually, the book consists of brilliant analyses of particular issues related to China's power, and it will be a major source of data for those interested in China's power, yet it does not present a comprehensive framework around which China's power could be assessed.

Many Chinese writers have long been interested in assessing and measuring national power, and one of the products of their intellectual work has been the concept of comprehensive national power. To put it briefly, the idea is to have a set of measurable indicators and, by using a pattern of a certain relation between them, to produce a clear index which would organize countries in a power ranking (Hu and Men 2004). The design itself was not entirely novel, but Chinese scholars arguably contributed immensely to the field. While this is an intellectually stimulating activity, though, this book is aligned closer to the opinion of Yan Xuetong (2006), who disputes the outcomes of index methodology based on comprehensive national power and argues for a 'power-class' approach based on common knowledge of international studies. Using this approach Yan came to the main conclusion that China was not yet (at the time of his writing) a superpower of a comparable class to the USA, but achieved first place within the class of great powers, the others being Russia, India, Japan, and the European countries/European Union.

Still, a more conscious treatment of power and related concepts would be helpful when applying the common sense methodology. Yan talks in his article about 'power status', not power, and what he actually means by 'power status' is simply

a position of a country in power rankings, which might not be the same thing as how other authors use the term status or power status (Deng 2008). Yan's 'power status' can be viewed as synonymous to a national power in relation to other countries. Furthermore, while the author rejects index methodology, he still draws, most of the time, on specific indices to back his findings—such as military budgets and GDP.

Mark Beeson (2009) presents an article dealing with the topic of China's rise and the issue of a possible hegemonic transition, which approaches the question of Chinese power in relatively conceptually informed and comprehensive ways. The conclusions of the article can be regarded as appropriate even now—the author claims that it is likely that the power gap between the USA and China would continue to narrow down; however, a hegemonic transition in the region should not be expected any time soon (Beeson 2009, pp. 111–112). In particular, the author discusses Chinese domestic stability as an important factor which would determine the Chinese ability to play a greater role internationally. While the text should be applauded for its explanatory, conceptual, and theoretical value, it leaves some questions unanswered, and there are also doubts with regard to its inadequate descriptions. The descriptions of the concept of power and its relation to the concept of hegemony, and, in particular, the empirical analysis of various sources of Chinese power and the comparison of it with the US power, are all somewhat brief and, in some places, unjustified.

Nadège Rolland (2015), in her chapter of the annual publication *Strategic Asia 2015*, applies the conceptual framework of power that was co-developed by Ashley Tellis. This is supposed to be the first step of a larger project that promises to include also analyses of the intentions and outcomes of the rise of China in the upcoming editions of the publication for 2016 and 2017. If successful, this would constitute a major contribution to our knowledge of China's power along all three steps of the proposed framework. Still, the Strategic Asia approach does not explicitly include the structural level and the soft power, so it will likely omit some important factors even if it is successful in regard to every stated goal.

Another of the relevant titles of Chinese power research is Susan Shirk's *China: A Fragile Superpower* (Shirk 2007), whose general claim is clear from the title of the book. She further elaborates it by suggesting that China is 'strong abroad but fragile at home' (Shirk 2007, p. 1). While Shirk's book offers some great insights into the topic of China's power, especially by pointing at internal issues affecting the government's power, conceptually it diverges from our requirements. Shirk presents the notion of a powerful/strong China abroad, but she does not spend much time discussing it—she seems to accept it as an assumption after simply stating a few statistics about China's economy, such as that it became the first destination for foreign investments, that it has the largest foreign currency reserves in the world, or that it is the largest consumer of steel and cement in the world.

China's power is also the focus of one of the two parts of Thomas Christensen's (2015) book *The China Challenge*. He does not present an explicit definition and conceptualization of power, but his intuitive approach makes the main argument very strong. In short, Christensen paints a picture in which China's power rise is certainly real, but 'it will not surpass the U.S. power anytime soon' (Christensen 2015). At the

same time, 'China still poses strategic challenges' (Christensen 2015), and the USA must take it into account. Christensen bases his approach in many of the aspects of the presented concept of power, although conceptually his work is not explicit.

Martin Jacques (2012), in his bestselling book, which seemingly suggests that China would 'rule the world', takes a long-term outlook and asserts that the current rise of China is just a return to the long-term global equilibrium. He perceives the West in critical terms and, in general, as not able to understand China and cope with it. While his analysis is provocative, it leaves many questions to be answered. He does not present any explicit theoretical and methodological frameworks, and even his title seems not to fully correspond with the rest of the book—he does not assert in the body of the text that China would actually rule the world. Eventually, rather than being credited with inventing a persuasive novel argument, he became known within the scholarly community more as a symbol of how China's power is often mistakenly exaggerated (Shambaugh 2013, p. 5; Christensen 2015, pp. 63–64).

Moving towards setting the stage for this research, it is the right place now to bring in the most recent addition to the topic of China's power written by Enrico Fels (2017). The book to some extent addresses the shortcomings of existing literature, and, in fact, it identifies them in a similar vein as was done here. Hence it can be fully agreed with the author that his is the 'most extensive assessment of the alleged power shift in Asia-Pacific so far' (Fels 2017, p. 749). The book, all but monumental in its scope, sets its main goal to assess the power of China and the USA, and it conducts the analysis based on the properly defined and developed model of power. The author distinguishes three understandings of power—aggregate, relational, and structural power (although he later on mostly omits the third one from the further assessment). Eventually, he reaches the conclusion that based on aggregate power assessment, we can talk about the 'power shift' but not so much in terms of relational power (Fels 2017, p. 760).

The presented book wants to continue in the direction which Enrico Fels started—to conduct the assessment of China's power based on an explicitly defined and comprehensive model of power—and it aspires to contribute to the field in a few ways. Firstly, it is believed that conceptually the model of power presented here is more suited for the analysis than the one of Fels. Notably, Fels talks about the three 'understandings' of power, but it is not clear what are the relations between them. In particular, it is not entirely obvious how Fels treats the third understanding, which he does not eventually uses, and at one place calls an 'embedded, indirect-working relations power' (Fels 2017, p. 751).[15] The presented book offers a more comprehensive and unitary approach of power assessment, and its analytical strength can be evidenced also by the fact that all three power understandings of

[15]Actually, it can be argued that Fels implicitly signalled here some problems with his treatments of the second and the third understandings of power. Based on the power model presented here, his chapters discussing middle powers are not that much about relational power as about structural power.

Fels could be easily put within the framework.[16] Secondly, while at some places Fels mentions the linkage between the power and policy, he does not move too far in this direction. While not necessarily a weakness of his model, for at least some research projects (such as the one presented by the 'puzzle of Chinese assertiveness' in this book), the model of power as developed here works better. Thirdly, Fels does recognize that different policy issues require different aspects to be considered as sources of power (Fels 2017, pp. 181–187). However, he presents this as a 'challenge' in producing a quantitative measurement of power without offering any clear solution. The model of power developed here does offer one—to abandon an attempt (seen here as futile) of producing a universally valid power index and to interpret power of a country in a chosen policy issue based on the sources of power (ex ante analysis) or policy outcomes (ex post analysis) which are seen relevant based on the common sense approach but made explicit by a rigorous treatment of the concept of power.

The Summary and the Argument

Power is the ability to achieve and/or sustain a desired goal. It is an issue-specific ability, and it should not be mistaken for sources of power, exercise of power, or influence. Assessing the power of an actor by looking at its sources of power and outcomes is the best available method for approximations of the actual power. To take into account all potentially relevant sources of power, at least three levels have to be considered—the state, international, and societal levels. One should consider the specific intentions of the given country, for different policy goals may require different sets of power sources. In this thesis, altogether eight areas of power will be considered to form a sufficiently comprehensive assessment of power.

In the critical engagement with the published works on China's power, it was shown that even literature which deals directly with China's power does not necessarily present the full and up-to-date story. Perhaps the best conceptual and comprehensive analysis of China's power, that of David Lampton, was published already in 2008, but it cannot explain the era of the Chinese 'assertive' foreign policy. Furthermore, Lampton does not discuss Chinese strategic intentions, and he leaves aside the influence of the international structure. Shambaugh, on the other hand, addresses to some extent both of these issues, but his work is conceptually less precise. The other discussed works put forwards many relevant observations and findings but are even more removed from the requirements of a conceptually clear and comprehensive assessment of power.

It can be suggested that the topic of China's power and its influence on its foreign policy in general, and after 2008 in particular, is significantly under-researched. Based on the conceptual understanding of power and the discussion of China's power, it is argued here that it is mainly due to a lack of rigorous and comprehensive work with the key concept of power both within the China watchers' community and among scholars of international relations in general.

[16]Indeed, some findings of Fels will be used at appropriate places of this book.

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Chapter 4
China's Sources of Power at the State Level: The Military, Economy, and National Performance

The comprehensive analysis of China's sources of power constitutes a crucial part of China's power assessment. In line with the conceptual requirements and the goal of this research, eight areas of sources of power at three levels will be discussed. In each case, relevant aspects for the South China Sea issue area will be considered. The discussion of every area of power sources will combine quantitative and qualitative data and compare China's abilities with the capabilities of other actors and the limitations they pose to China. China's sources of power will be discussed in terms of their dynamics to establish how they were developing in time. There will be an emphasis on the period of 2011–2016, which was found to contain evidence for the marked shift towards assertive behaviour on China's part, unlike the first examined period, which contained, at most, only policy adjustments on the part of China.

For every power source area, the respective analysis will conclude with a statement of whether China's power in the relevant area of power sources experienced any shift in the two relevant periods. Moreover, the specific sources of power which were directly instrumental in driving China's assertive actions will be identified, and it will be established when these abilities were acquired by China. Then a concluding section will be offered to summarize the lessons learnt from the power analysis with the perspective of testing the validity of the power shift theory in explaining the assertive shift of China.

4.1 The Military

China's growing military capability is often regarded as almost synonymous to China's rise, in particular from the perspective of the China threat theory (Broomfield 2003). Naturally, many publications have been devoted to studying

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this source of China's power.[1] This section is not meant to present a new breakthrough in studies of China's military. The point is, rather, to take the most crucial findings, put them within the comprehensive framework of the multidimensional concept of power, and consider their relevant utility in reaching China's goals and driving the assertive actions of China.

In this section, firstly, China's military doctrine and strategy will be discussed to familiarize the reader with Chinese military missions, their development in time, and the position of the SCS in the military strategy of China. Secondly, a discussion of the aggregate military statistic data will be provided, particularly of the military expenditures and the numbers and types of relevant military hardware. Thirdly, the known strategies, equipment, and capabilities will be connected to the SCS arena to discuss the development in distribution of military power sources. Finally, the role of the Chinese military in the assertive actions of China will be discussed.

4.1.1 The Military Doctrine and Potential Use of Military Force in the SCS

Considering the authoritarian nature of the Chinese regime, domestic security plays a crucial role in security assessments of the Party. China spends more on domestic security than on external defence, emphasizing the fact that the regime has long felt that the major threat to it comes from the inside, not from the outside (Martin 2014; Wang and Minzner 2015). It is interesting to recall the similar assessment of the KMT leader Chiang Kai-shek, who considered Chinese communists to be a bigger threat than the Japanese invading forces, despite the fact that the latter occupied much of the country's territory.[2] This perhaps unusual emphasis of the domestic security threats over the external ones should be always kept in mind when discussing external dimensions of the Chinese military. With regard to the territorial disputes, such as those in the SCS, it is also relevant to remember that in the Chinese view, this is also a part of the domestic sphere (Nathan and Scobell 2012, pp. 29–32).

The traditional Maoist doctrine of 'people's war' expected that the Chinese would fight major foreign invasions on China's soil by inviting the enemy forces deep within the massive territory and then engaging the enemy using the guerrilla tactics developed before and during the anti-Japan war and the Chinese Civil War, which eventually brought the communists to power (Shambaugh 2002, pp. 58–59). The whole Chinese economy and the whole society were planned in such a way as

[1] Some of the best accounts of China's military power have been the following: Tellis and Tanner (2012), US Department of Defense Annual Reports to Congress on Military and Security Developments Involving the People's Republic of China (n.d.), Kamphausen et al. (2014), Shambaugh (2002), Chase et al. (2015).

[2] Chiang called the Japanese 'diseases of the skin' while calling the Communists a 'disease of the heart' (Wright 2001, p. 135).

to make a defence against such a military attack feasible. Factories were moved to inland provinces, the state's organizational structure was fragmented into units which depended on informal communication with the top leader (Mao), and massive underground facilities were constructed under Beijing, which were allegedly capable of sustaining up to 300 thousand of the city's population in the event of nuclear warfare (Kroeber 2016, pp. 5–6; Ye and Barmé 2008). All in all, the goal of the military during the time when China was isolated from the world was not to project power externally but to defend China against a possible invasion.

After Mao's death in 1976 and with the beginning of Deng's reform and the opening-up programme, the needs for military restructuring started to evolve. The massive growth of China's economy allowed for subsequent increases in military budgets, but China's increasing interdependence with the outside world started to generate needs to defend interests lying outside the country's sovereignty (or claimed sovereignty) (Schuster 2012). Similarly, the perceived threat of a major foreign invasion against the mainland was becoming increasingly unlikely, and after the collapse of the Soviet Union it essentially ceased to exist (McDevitt and Vellucci 2012, p. 75).

The RAND Corporation's paper on Chinese military transformation divides the military missions of China into 'traditional' and 'new' ones (Chase et al. 2015). The former category encompasses those which have been around since the founding of the PRC and are connected mostly to questions of national sovereignty, territorial integrity, and protecting the national and regime security. The latter are those which appeared after the initiation of Deng's reform and opening-up programme. President Hu Jintao formalized the presence of the new thinking in China's military when he announced 'The New Historic Missions' of the PLA in a speech on Christmas Eve of 2004 (Mulvenon 2011). The major goal of this initiative was to spark the development of China's military capabilities, which, from then on, would go beyond focusing on protecting China's sovereignty and preventing Taiwan from going independent.[3] Arguably, the single most important 'new' mission from the strategic perspective is the protection of the supply lanes on which the Chinese economic miracle depended from the beginning and whose importance would only grow in time.[4] Thus the new missions have their bases in the economy, and they effectively moved the national interests farther from China's shores (McDevitt and Vellucci 2012, pp. 83–85). The main issue has been connected to the energy supplies coming from the Middle East, travelling through the Indian Ocean and

[3]Preventing Taiwan from going independent has always been a major strategic and military goal, in particular after the democratization in Taiwan in the 1990s which brought about new political forces which were less willing to uphold the principle of 'One China'. The Taiwan crisis in 1995/1996 demonstrated to the Chinese leadership that they did not have effective measures with which to respond to an American show of force after the USA deployed aircraft carriers to the Taiwan Straits. The military received comparably more attention and especially finances thereafter so that it would be better prepared to cope with a similar situation, were it to happen again.

[4]Other missions included the UN peacekeeping operations and 'military operations other than war'—McDevitt and Vellucci (2012, p. 76).

the Malacca Strait, then crossing the South China Sea, and reaching the coasts of Southern China. The mission to protect this lane clearly depended on China's ability to project its power firstly around the enclosed seas near its shores (the South and East China Seas and the Yellow Sea) and then move farther away to the Indian Ocean. Naturally, this mission rests primarily with the navy and its expanding capacity to operate in more distant seas.

Although China has some noteworthy maritime traditions going back to at least the third century BC (Schuster 2012, pp. 56–58), it has been most often regarded as a continental country and as such it paid most of its military attention to its army (McDevitt and Vellucci 2012, p. 75). Under these circumstances, Chinese maritime capabilities—or the lack of them, for that matter—have been put under the spotlight in the military modernization programmes.[5]

In any case, the issue of protecting the sovereignty remained crucially important, in particular in the form of the unresolved question about Taiwan and other uninhabited territories in the East and South China Seas, which China claimed but did not control. From Beijing's perspective, defending these territories constitutes an active defence. Any extensive military campaign regarding the disputed territories (especially against Taiwan) might provoke an intervention of the USA. To counter intervening forces, China decided to build capabilities which the USA calls 'anti-access/area denial' (A2AD).[6] China does not seek to control a certain territory (in this case, e.g. by the formidable presence of its navy), but it wants to deny other countries the ability to operate in it freely. The A2AD capabilities rest with a whole set of conventional means, including attack submarines, ballistic and cruise missiles, land-based aircraft, cyberattacks and space capabilities, and possibly others.[7] The A2AD is also an effective way to keep the potential fighting farther away from China's east coast, which is where the country's major cities and most of the economic activities are located.

The SCS area plays a dual role in Beijing military thinking since it is related to its 'traditional missions' of sovereignty protection due to the territorial disputes, but it is also inherently linked to the economic interests and the 'new missions', since it lies on a major shipping lane. Accordingly, both A2AD capabilities and the expanding navy presence are relevant for military missions in the SCS. In the former case, Beijing hopes that by increasing its abilities to strike and cause damage to any potential intervening military, China would create pressure and tackle the dispute on its own terms (Erickson 2015, p. 65). This scenario requires China to have relevant deterrent forces designed for a major military campaign, possibly

[5]For the increasing emphasis on naval power, see also Holmes (2008).

[6]The choice of developing A2/AD capabilities might be actually regarded as less escalatory and also as finance saving. The alternative would be a major navy build-up with the goal of an all-out competition for the dominance in the Western Pacific with the USA. On the other hand, the A2/AD capabilities are not well suited for power projection and thus can even reinforce China's rhetoric of a peaceful rise (McDevitt and Vellucci 2012; International Institute for Strategic Studies 2015, p. 207).

[7]It is very unlikely that China would consider using its nuclear weapons, since its position has long been the one of no use/no first use, and its arsenal is far inferior to those of the USA and Russia.

against the USA. In the latter scenario, increasing China's physical presence would lead to it having essential control over the territory, which would create a de facto Chinese sovereignty, although de jure, the dispute would continue to exist unless the remaining claimants agree to recognize the Chinese sovereignty.

China is still far from controlling the area, and even its A2AD capabilities, while growing at an admirable speed, are still short of entirely sealing off the area from other militaries, such as that of the USA. Until a few years ago, other claimants had better positions on the ground. The Chinese tactic, sometimes called 'salami slicing', is an attempt of China to improve its position on the ground step by step without provoking an external intervention or a strong pushback. The salami slicing tactic of China in effect becomes a strategy for how to change the status quo on the ground. It is understandable that this is the Chinese-preferred strategy for dealing with the SCS; it requires a very skilled diplomacy and offers plenty of space for stratagems. The Chinese success depends on effective and sometimes surprising steps, often conducted by paramilitary or non-military forces (Department of Defense 2015, p. 3). Besides possessing a certain quantity of vessels (which China easily does), this scenario requires first of all some specific capabilities—be it the deep-water oil rig technology, dredgers, and other heavy machinery for reclamations and constructions, or simply the operational ability and sensitivity to sustain an effective long-time stand-off without provoking any unnecessary escalation.

4.1.2 Aggregate Statistical Data[8]

The introductory insights about China's military power and its development and a comparison of the Chinese military and other militaries are available from the data on military budgets. Admittedly, the numbers are impressive, and it is evident that the Chinese military sources of power have increased substantially over the course of previous decades. The Chinese military spending in 2014 was the second biggest in the world, following only that of the USA (Fig. 4.1). Yet, China still gives its military roughly one third of the amount that the USA gives to its own.

Looking at the military expenditures in the regional context, China is the obvious frontrunner, ever since it overtook Japan in 2004. While in the early 1990s Chinese military expenditures were roughly at the level of those of India, South Korea, and Australia and only twice as high as Taiwan's, in 2014, China spent on its military more than three times as much as Japan and India spent on theirs, almost six times as much as South Korea spent, about twenty times what Taiwan did, more than 50 times the amount of the Vietnamese expenditures, and more than 60 times that of the Philippines. The future trend would only widen these

[8] All the statistical data in this part, unless stated otherwise, are from the Stockholm International Peace Research Institute (2015) and International Institute for Strategic Studies (2015).

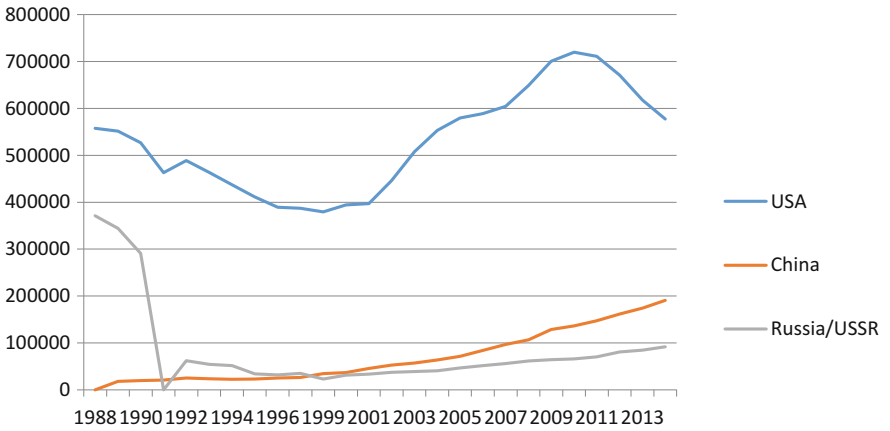

Fig. 4.1 The military expenditures of the USA, China, and Russia (mil USD 2011). Source: SIPRI

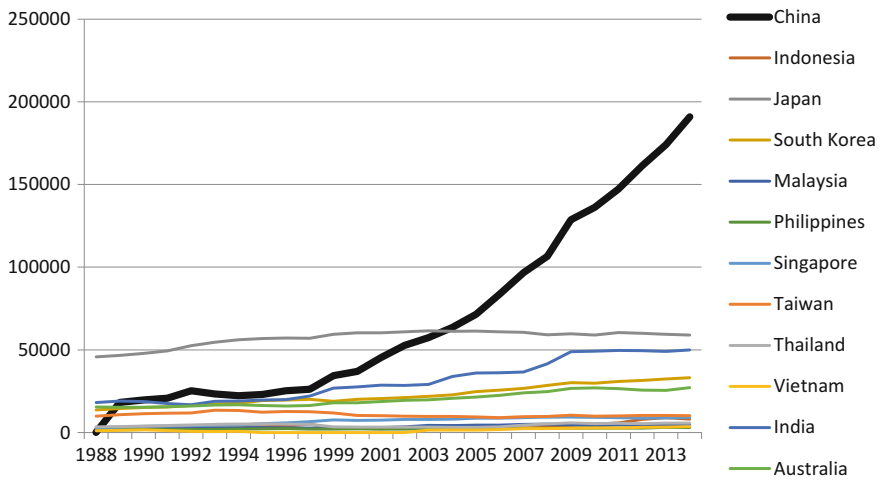

Fig. 4.2 Military expenditures of major players in the Indo-Pacific region (excluding the USA and Russia) (mil USD 2011). Source: SIPRI

imbalances with China significantly outgrowing in aggregate numbers all the actors in the Indo-Pacific region. While the size of a military budget is far from being a perfect indicator of military capabilities, a mere look at the data of defence expenditures demonstrates well the anxiety Asian countries feel about China's military rise (Fig. 4.2).

Looking at the data for the ASEAN countries (and Taiwan), no substantial growth during the previous 20 years can be seen (Fig. 4.3). Taiwan, even with stagnating/decreasing military expenditures, still spends more than any of the

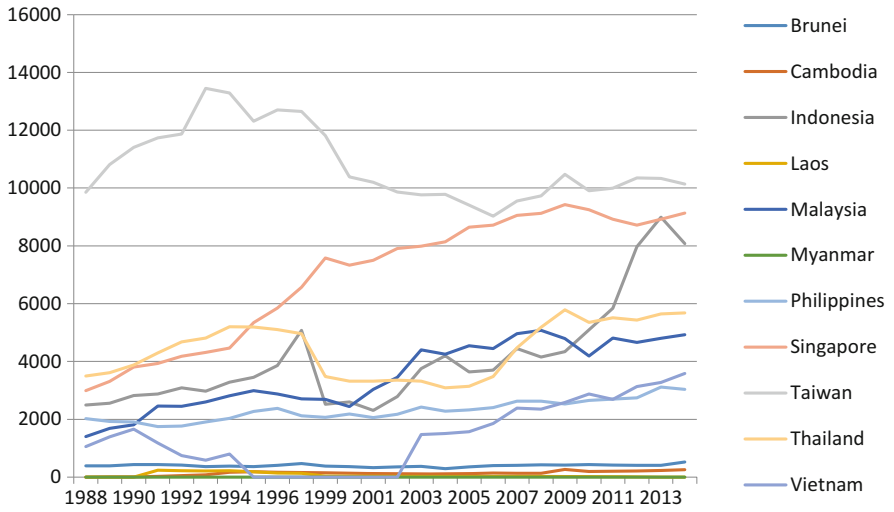

Fig. 4.3 ASEAN members and Taiwan's military expenditures (mil USD 2011). Source: SIPRI

ASEAN states, although some of them have a substantially larger population. The largest military spender of ASEAN is the tiny city state Singapore (which, obviously, is one of the richest countries in the world according to the GDP per capita), followed by Indonesia. Further behind are Thailand, Malaysia, Vietnam, and the Philippines, with the rest of ASEAN giving almost negligible amounts to their militaries in the regional perspective.

The Global Firepower (2016) project is a simple available source for evaluating and comparing the military strengths of the world's countries according to various factors, including the amount of military hardware, economic health, geographic features, and natural resource dependence. In the project's ranking, China finds itself in the overall third place, just behind the USA and Russia (although with a considerable gap in terms of the index value) and ahead of India. Another 7 Indo-Pacific countries are also included in the top 20 (India, South Korea, Japan, Indonesia, Vietnam, Taiwan, and Thailand). As for China's direct rivals in the SCS, Vietnam is the highest in the ranking as it is in the 17th place, followed by Taiwan (in the 19th place), Malaysia (the 34th), and the Philippines (the 51st).

Numerically, China has a clear advantage over the other claimants in the SCS, which is, of course, not surprising considering the vast differences between their military expenditures, economies, and sizes. China has one of the largest navy fleets in the world, and the imbalance is particularly visible in terms of under-surface vessels, as China's 68 submarines face no more than ten submarines of the combined forces of Indonesia, Vietnam, and Malaysia (with the Philippines entirely lacking this capability) (Table 4.1).

Table 4.1 Relevant military hardware of the players in the South China Sea

	Overall rank	Aircraft carriers	Total aircraft	Submarines	Destroyers	Frigates	Corvettes	Helicopters	Attack helicopters	Patrol craft
USA	1	19	13,444	75	62	6		6084	957	13
Russia	2	1	3547	60	15	4	81	1237	478	14
China	3	1	2942	68	32	48	26	802	200	138
India	4	2	2086	14	10	14	26	646	19	135
South Korea	7	1	1451	15	12	11	18	679	77	80
Japan	9	3	1590	17	43			638	119	6
Indonesia	12		420	2		6	10	152	5	66
Australia	13	2	417	6		14		166	22	13
Taiwan	15		815	4	4	20	1	307	91	51
Thailand	20	1	551			7	7	282	7	31
Vietnam	21		289	5		7	11	150	25	23
Singapore	26		262	6		6	6	71	17	12
Malaysia	35		227	2		2	6	79		41
North Korea	36		944	70		3	2	202	20	211
Philippines	40		135			3	11	91		38

Source: Global Firepower

For better orientation, a blank space is left in the table at each place where the given country has zero capabilities

4.1.3 Capabilities of Military Forces

The presented numbers of military hardware are not the only pointer of national military strength, since when the same classes of units are owned by different countries, they are hardly of the same quality. For instance, the large number of submarines owned by North Korea does not put it on par with the USA, although it may pose a significant deterrent, as was well demonstrated by the sinking of the South Korean Navy corvette *Cheonan* in 2010 (Cha 2010). Furthermore, many soft skills and human factors have a great influence over the military strength of a country. Exactly in these 'soft areas', China is believed to lag behind, with some of its greatest weaknesses being identified as insufficient institutional organization, low human capital skills, education gaps, and a lack of fighting and training experience. Corruption is also thought to be a major problem affecting the overall capabilities of the PLA. The defence industry is another area where China is behind the most developed countries, and it is questionable whether China's current system of state-owned enterprises will be effective in pushing the technology advances further (Chase et al. 2015, p. xi; Brooks and Wohlforth 2015/2016).

It is important to note that the Chinese military rise was not focused on building up the numbers of obsolete hardware. Quite the opposite, China's military modernization has preferred quality over quantity (Erickson 2015, p. 70). As an example, China's naval flotilla in Mao's times was numerically the largest in the world, although it was incapable of operating beyond China's immediate littoral. It would have been capable of inflicting serious damage on a Second World War-type major invasion, but it could have been easily destroyed by intense air strikes. The submarine fleet was similarly useless for modern-type warfare, as it was slow and short-ranged and had deficient radar and weapon systems (Schuster 2012, p. 57).

While the Chinese military capabilities increased greatly in quality, this increase was possible primarily due to a very low starting point. The Chinese lack of know-how and appropriate technology has been a major issue for decades and remains very much present even today. To start with, the Cultural Revolution of the late 1960s and 1970s seriously hampered China's scientific community and technological development (Schuster 2012, p. 58). When China opened up and embarked on a military modernization, it had to rely on imports of the most crucial parts of its military hardware. Moreover, imports from the most advanced Western countries were only possible for a short time in the 1980s, before the military embargo was set upon China after the Tiananmen Square incident in 1989. For most of the 1990s and 2000s, China's modernization was based on deliveries of ex-Soviet hardware, mostly from Russia and Ukraine, which in most areas remained better than the Chinese domestic-producing capacities, although still inferior to the Western capacities (Kirchberger 2015).

The story of China's acquisition of its first aircraft carrier *Liaoning* is a good case for pointing at a few issues connected to the Chinese military modernization. The vessel was constructed in the 1980s as a *Kuznetsov*-class carrier called *Varyag*, but in this phase, only 70% of its construction was completed. The ex-Soviet vessel was

purchased from Ukraine in 1998 via a Macao-based venture purposely to serve as a casino, but this stated purpose was most likely a cover story to avoid raising international concerns. The vessel was towed to China via Bosporus and Gibraltar and all around Cape Town (as a 'dead' ship it could not use the Suez Canal) and reached the Dalian port in 2002. It was then refurbished and put on sea trials in 2011, before being commissioned in 2012 (Shambaugh 2013, p. 233). The *Liaoning* is believed to play an important role in the Chinese forces' training and acquiring experience with operating an aircraft carrier, but in December 2016, it was declared combat ready, and it participated in a live firing exercises in the South China Sea (Guardian 2017). It is disputed, however, whether the *Liaoning* would ever serve any military operations, such as those relevant to the SCS dispute (Kirchberger 2015, pp. 210–217). In April 2017, China actually launched its second aircraft carrier, but reportedly it would be fully operational only by 2020 (*BBC* 2017). The history of the aircraft carrier shows how difficult it has been for China to acquire high-end military capabilities, the quality of the hardware it receives, and how unprepared the Chinese operation capabilities were. Moreover, the story of the aircraft carrier shows that it is difficult to establish a clear date for when China acquired a certain military capability—anytime between 2002 and 2020 could be counted as the starting point of China having the aircraft carrier at its disposal.

Brooks and Wohlforth (2015/2016, pp. 17–22; Fig. 4.4), in their analysis of the distribution of military capabilities, compare the military 'commands of the commons' of the USA and China. Their conclusions, counted on the aggregate global level, show the great power disparity between the two—out of the fourteen analysed areas, the USA enjoys a massive advantage in each single one. The narrowest gap between the two was found in the area of the fourth-generation tactical aircraft. Still, the USA took 55% of the share of the six leading military powers, while China took only 17%.

Sarah Kirchberger (2015, pp. 210–217) (based on the approach of Todd and Lindberg) presents an instant way to classify countries' navy capabilities, differentiating between ten ranks (five at the level of blue-water navies and five at the level of non-blue-water navies). According to this ranking, China is in the fourth rank, as it has some blue-water capabilities but is limited to its own region. From this perspective, China's navy is on par with those of other regional countries such as Japan, South Korea, Singapore, and Taiwan, which all have the same qualitative capability, although they might lack in quantitative aspects. India and Russia have their navies in the third rank, that of being capable of multiregional power projection, France and the UK are in the second rank with limited global reach, and the USA is currently the only country whose navy is capable of global-reach power projection, earning it the rank 1. From among China's other competitors in the SCS, Malaysia, Indonesia, and Vietnam possess a regional offshore coastal defence capability (rank 5). The low level of the Philippines' navy capabilities is visible from its navy's qualitative level—it has the rank 8, as it is only able to police inshore waters. Even the tiny Brunei is two whole ranks above it with a capability of inshore coastal defence (rank 6) (Kirchberger 2015, pp. 59–60).

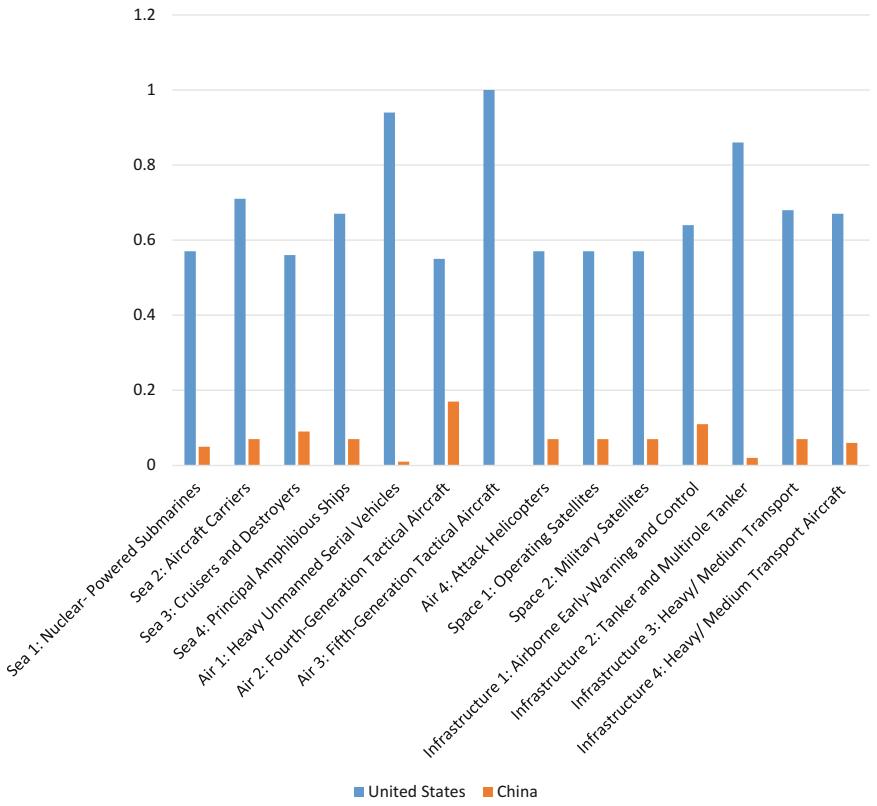

Fig. 4.4 The comparison of the US and Chinese 'commands of the commons'. Source: Brooks and Wohlforth (2015/2016)

China would automatically rise to the rank 3 if it introduced a truly operational aircraft carrier including an air wing. It would then become qualitatively equal to its BRICS partners, Russia, India, and Brazil, which are currently superior—unless they would get downgraded in the meantime. However, any further growth of China's rank according to this classification is doubtful. In order to move to rank 2, China would have to make substantial technological upgrades and establish offshore bases. This rise might be problematic under the current arms embargo, and it would be also relatively costly, making it unlikely at the moment. Still, even if China chooses to follow this path and becomes successful, its navy would remain inferior to the US Navy (Kirchberger 2015, pp. 61–62).

Until now, the military capabilities of the involved players have been discussed in terms of their total numbers and quality. However, the SCS is only one of several playgrounds, and for each country, it might rank differently in its priorities. The USA, for instance, seeks to have 60% of its navy forces in the Asia-Pacific, out of which not all will be allocated to areas in the vicinity of the SCS in the Western

Pacific (*BBC* 2012). China, on the other hand, has its navy divided into roughly three equally strong fleets—the North, East, and South fleets. For Indonesia, the Philippines, and partly Malaysia, the SCS is also only one of the sea coasts, although for the latter two, it is perhaps the most important one. Vietnam, in contrast, has all its forces directed towards the SCS without any additional navy missions.

China is not geographically at an advantage when compared to the other claimants, but the significantly lower numbers of their fleets and other relevant military hardware easily delete the distance factor. As for the Philippines and Indonesia, the fact that both are archipelago countries with high numbers of islands and coastlines means that their naval forces are more scattered. Moreover, the USA, which is either formally or informally providing security for many regional countries, is much more distanced, and its forces are spread all over the world and divided between a number of other commitments.

Sarah Kirchberger (2015, pp. 179–181) presents a measurement between countries' claimed EEZs and the numbers of their fleets. She finds that the Chinese fleet numbers compared with the total of its claimed EEZs return one of the most favourable ratios from among the East Asian countries. Only South Korea and Thailand have more vessels per square kilometre of their EEZs than China. The three countries with the worst ratios are the Philippines, Australia, and Vietnam. In a similar comparison of ratios between the given country's submarine fleet and its claimed EEZs, China ranked as number one. The Philippines and Thailand lack any submarine capability, and Australia and Vietnam have much worse ratios than China. This data clearly shows that China is numerically much better prepared to defend its EEZ claims in the SCS than the Philippines and Vietnam and somewhat better in this respect when compared to Malaysia and Taiwan.

An excellent and extremely relevant assessment of Chinese military capabilities in which they were compared to those of the USA was conducted by the RAND Corporation, which looked at ten different categories of the military forces of China and the USA and applied them to two potential scenarios related to Taiwan and the Spratly Islands (Heginbotham et al. 2015; Fig. 4.6). Moreover, the study attempted to establish the military capabilities of the two countries over time, taking into account the situations in 1996, 2003, and 2010 and the prospects for 2017. The characteristics of this very pertinent study make it highly relevant for judging China's fighting capabilities as part of its A2AD scenario in the SCS.

The results of the study show that out of the nine categories (besides the nuclear one, which was coded differently), China would not have a prevailing advantage in any single area even in 2017 when it comes to Spratly scenario, and it would have only two advantages in the Taiwan scenario (compared to three areas where the USA remained at an advantage). At the same time, four coded areas showed an equal balance of power in 2017 in the Spratly scenario, which was an increase from only two such categories in 2010.

From this analysis, it is clear that China's military capabilities in terms of these two missions increased markedly between 2003 and 2010 and that it would again increase its capabilities by 2017. However, as is noted, for China to have a reasonable chance to

succeed offensively in either of these scenarios, it would have to prevail in most of the examined areas, while for the USA, it would be enough to prevail in a few areas (Heginbotham et al. 2015). Hence, while China's military capabilities, compared with those of the USA, have been increasing, they are still far from the point where they would give China an option to defy or challenge the USA, in particular when it comes to the South China Sea scenario (Table 4.2).

An important part of China's growing maritime capabilities is the major build-up of the China Coast Guard (Kirchberger 2015, p. 296). China has substantially increased the quality and quantity of its coast guard, which has been also reorganized in 2013 by unifying its four previously separated law enforcement agencies, resulting in its increasing ability to centrally control and coordinate its actions (International Crisis Group 2012). In 2015, the China Coast Guard had at least 79 medium- and large-sized vessels under its command. This was a marked increase—in 2007, China only commanded up to 27 such vessels, although it had more than 400 small and very small boats. Lyle Goldstein, in a study from 2010, still talked about the China Coast Guard as extraordinarily weak when compared to the Japanese and South Korean ones (Goldstein 2010, pp. 4–5). This clearly shows that there has been a rapid increase in the capabilities of the China Coast Guard between 2007 and 2015 (Martinson 2015, p. 45).

China wishes to use its coast guard vessels as the major means of enforcing its maritime claims. Some of the coast guard vessels are in fact decommissioned navy ships, and the coast guard in general acts as a paramilitary organization (Tate 2015; Martinson 2014). It is relevant to note that the China Coast Guard vessels are the biggest in the world—in noncombat situation such as stand-offs between various claimants, it is the size of vessels which is the crucial characteristic (Gady 2016).

Keeping in mind the relevance of the quality and software issues, large numbers have their own importance. In late March 2016, reports started to appear that China dispatched 140 of its vessels to Luconia Shoals, which is within the EEZ of Malaysia. In response, Malaysia was said to deploy three of its coast guard vessels, together with some navy and aircraft forces (Parameswaran 2016). Similar ratios were described during the stand-off at Scarborough Shoal in 2012 between China and the Philippines, where 90 Chinese vessels faced two Filipino ships (Goldman 2013), and imbalances between China and other claimants are probably happening at other places as well. China clearly has the quantitative advantage, and with the growing qualitative advantage, the gap is rapidly narrowing, making the Southeast Asian countries no match for China's naval capabilities.

At the same time, the marked qualitative and quantitative increase of the China Coast Guard notwithstanding, it cannot be counted as sufficient to confirm the hypothesis that China started to act assertively once it acquired the power to do so. As was mentioned, already in 2007, Chinese paramilitary agencies commanded 27 medium- and large-sized vessels and a very large number of smaller vessels. These vessels were clearly capable of conducting the actions constituting assertive behaviour, which, in fact, did not require any impressive naval capabilities. Namely, the cable-cutting incidents asked for no specific qualitative or quantitative might besides commanding a few quick and operational vessels. Similarly, the events at the Second Thomas Shoal

Table 4.2 The Chinese and US military capabilities compared (1, US major advantage; 2, US advantage; 3, parity; 4, Chinese advantage; 5, Chinese major advantage)

	Taiwan Conflict 1996	Taiwan Conflict 2003	Taiwan Conflict 2010	Taiwan Conflict 2017	Spratly Islands Conflict 1996	Spratly Islands Conflict 2003	Spratly Islands Conflict 2010	Spratly Islands Conflict 2017
Chinese attacks on air bases	1	1	3	4	1	1	1	3
US vs. Chinese air superiority	1	2	2	3	1	1	2	2
US airspace penetration	2	3	3	3	1	1	1	2
US attacks on air bases	3	1	2	2	1	1	1	1
Chinese anti-surface warfare	1	2	3	4	1	1	2	3
US anti-surface warfare	1	1	2	2	1	1	1	1
US counterspace	4	4	3	3	4	4	3	3
Chinese counterspace	1	2	3	3	1	2	3	3
USA vs. China cyberwar	1	1	2	2	1	1	2	2

Source: RAND

and the protection of the reclamation and construction works have not required any high skills, numbers, sizes, or quality levels on the part of the involved vessels.

Perhaps the most demanding Chinese assertive actions from the naval capabilities perspective were the Scarborough Shoal stand-off and the oil rig incident. In these cases, participating vessels from various state agencies (and perhaps fisheries) and regions all around China were called upon (Martinson 2015). However, considering that both events were limited in time and that the number of involved Chinese vessels reached at most about 100 vessels, whose role was little more than to simply show up, China clearly could have acted in a similar way years or even decades before. In fact, as the presented historical narrative of the South China Sea dispute (Chap. 2) shows, China was capable of conducting relatively sophisticated and successful amphibious operations in the Spratly Islands already in the 1980s and also in the Paracel Islands at least in the 1970s.

The Summary and the Argument

China is militarily the most powerful actor among the direct claimants in the SCS dispute, and the gap between them is further increasing. China has passed the technological threshold, and it is now capable of increasing its pressure on the other claimants simply by deploying a greater number of its forces, most of the time even sticking to the paramilitary or civilian (fishing) forces. This has been possible in particular due to the build-up of the China Coast Guard in the 2007–2015 period. Other regional countries such as Japan, Australia, India, South Korea, and, to lesser extent, also Taiwan, Singapore, and Thailand do, however, challenge China's capabilities. Taking an even larger picture into context, Chinese military capabilities are still not at the level where China would have a reasonable chance to be successful in case a major conflict erupts over the Spratly Islands and the USA chooses to intervene. Yet, China's challenge, even for the USA, has been real for many years now (Christensen 2015; White 2013).

What is even more important than aggregate military capabilities in the current development in the SCS is the specific tools which can be quickly applied to meet the intended limited goal without provoking major responses. China's 'salami slicing' strategy of small tactical steps makes the point clearly. The process of increasing control on the ground is made possible not by the major improvements in military forces such as submarines, surface fleet, aircraft, or missiles—which, at best, played a minor role in the considerations of the USA. In contrast, however, the great numbers and improved operation capabilities of China Coast Guard vessels and other paramilitary and civilian vessels, combined with achieving a certain level of technical sophistication, are important factors in making China's assertive steps operationally feasible from the military perspective.

All of the examples of Chinese assertive behaviour in the SCS have been made possible by reaching a certain technological threshold allowing China to sail effectively across the sea with its fleet. China has likely passed this stage already

decades ago, although it was during 2007–2015 when its coast guard really became the dominant force in the region. China's possession of a large number of (mostly paramilitary) vessels which cannot be easily turned away by other claimants helped China in most of its assertive actions. The combination of basic technological skills and a substantial quantity of vessels allowed China to apply the 'cabbage strategy' at Scarborough Shoal in 2012, and this situation seems to be repeated at the Second Thomas Shoal since 2013. Furthermore, the effective cover provided by the China Coast Guard during the oil rig incident in 2014 was made possible by the fact that the coast guard was newly centralized.

The specific capabilities of the paramilitary vessels show the change in the relevant period, and they contributed to the relatively smooth performance of the assertive actions from China's perspective. At the same time, it would be mistaken to claim that China only reached these capabilities in the relevant period, as the main hypothesis does. As the accounts from the historical development of the SCS dispute show (Chap. 2), China could conduct even more sophisticated naval and amphibious operations in the SCS for years or even decades before the 'assertive period' began. What changed recently is that these operations can now be carried out by regular paramilitary units using standard operational processes, while in the past, the navy or various special units had to be employed on an ad hoc basis. This is considered as not sufficient to confirm the main hypothesis with regard to the military sources of power.

4.2 The Economy

The rise of the Chinese economy in absolute terms is astonishing from every perspective. In a mere 20 years, the size of the Chinese domestic product multiplied by more than ten times.[9] During the same period, the economy of the USA multiplied three times, and the Japanese economy barely increased. In 20 years, China grew from being a medium-sized economy in regional and global terms to being the second largest economy in the world in terms of nominal value and the largest in terms of purchasing parity. China's economy is also expected to become the world's number one economy in terms of nominal value within 10 years (Organization for Economic Cooperation and Development 2015).

Regionally, the size of China's economy went to the sky. Twenty years ago, China was far behind Japan and roughly comparable to other medium-sized economies. In 2014, China's economy was more than twice as big as the Japanese one and more than four times bigger than any other economy in the wider region (in terms of nominal value) (Fig. 4.5).

The purchasing power parity (PPP) approach paints a slightly different picture (Fig. 4.6). Compared to the nominal value approach, it generally favours

[9] All data in this section, unless stated otherwise, are from World Bank (2016).

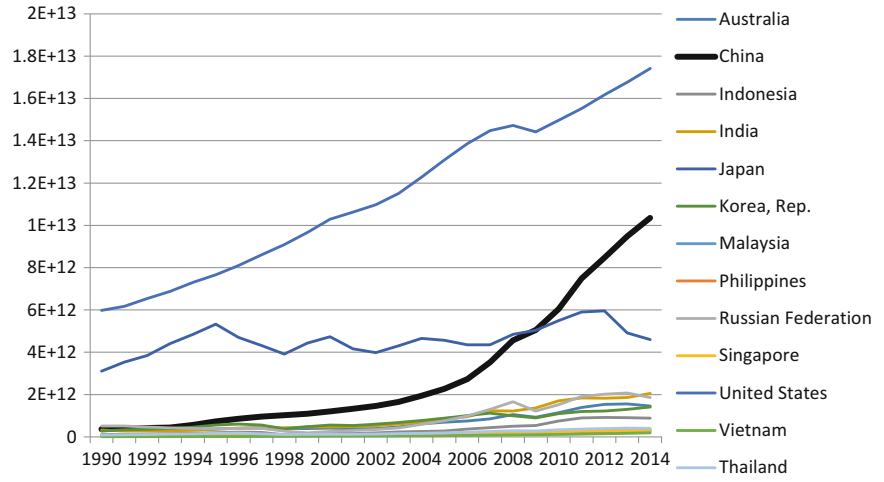

Fig. 4.5 Gross domestic product (nominal, in current USD). Source: World Bank

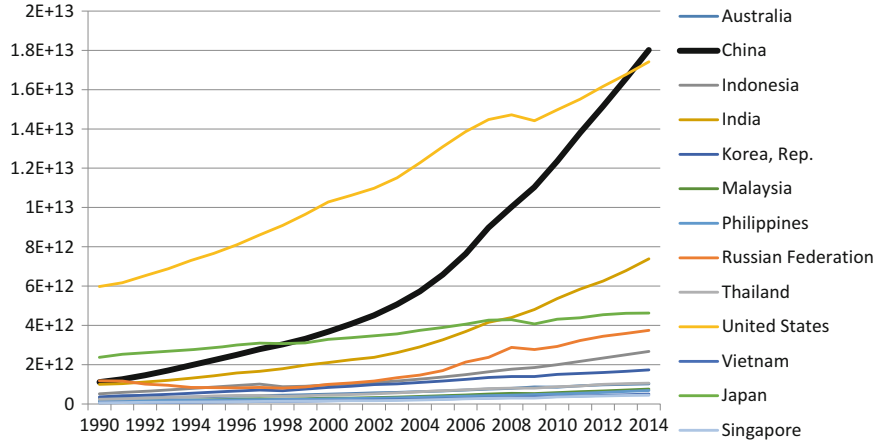

Fig. 4.6 Gross domestic product (PPP, in current USD). Source: World Bank

developing and emerging countries for their national price levels are normally lower than international prices. According to the PPP approach, China's economy is the largest in the world, and it is ahead of the US economy, more than twice as big as the Indian one, more than three times as big the Japanese one, and about nine times as big as the Indonesian and South Korean economies.

Not only did China become the largest economy in the region, but it has also significantly outperformed any other country in the previous 20 years. A mere look at Fig. 4.7 showing the growth rates per year makes it obvious that China is well ahead of all the relevant countries. During the period of 1990–2014, only five times

3.127441	Australia
9.837456	China
5.137215	Indonesia
6.51299	India
1.109015	Japan
5.970102	Malaysia
4.129449	Philippines
0.795765	Russian Federation
6.320526	Singapore
4.578335	Thailand
2.462128	United States
6.798299	Vietnam
5.28704	South Korea

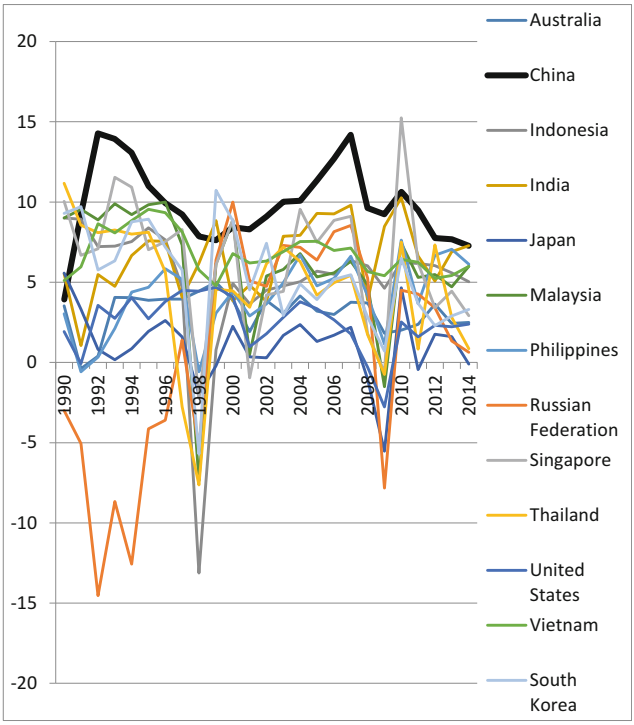

Fig. 4.7 GDP growth (% of the annual rate, average % of the annual rate in 1990–2014). Average annual GDP growth is shown in Table. Source: World Bank

was its growth not the fastest from among those of all 13 countries. China's average yearly growth during these years has been 9.8%, meaning that it was more than two percentage points ahead of India, Vietnam, and Singapore. This is impressive by any standards. Moreover, it gives a good impression about how much the economic power of China increased during the previous 20 years both absolutely and relatively when it is compared with its counterparts in regional or global contexts.

While not being a perfect indicator of the level of development, the GDP per capita indicator is often used as the most immediate measurement of a country's development level. Here, obviously, China is far from being a leader; however, a steep rise on its part can be noticed as well. China's rise is particularly visible when it is compared with Indonesia, the Philippines, and Vietnam, which China overtook during the 2000s, and now its GDP per capita is roughly twice as large as those of the latter two. At the same time, the GDP per capita clearly shows why China is often regarded as the largest developing country in the world—its level of income is about one fourth of that of the USA and less than half of that of Japan (according to the PPP) (Fig. 4.8).

The number of Internet users is an interesting alternative indicator of a country's development level and also of the extent to which technological advances are available

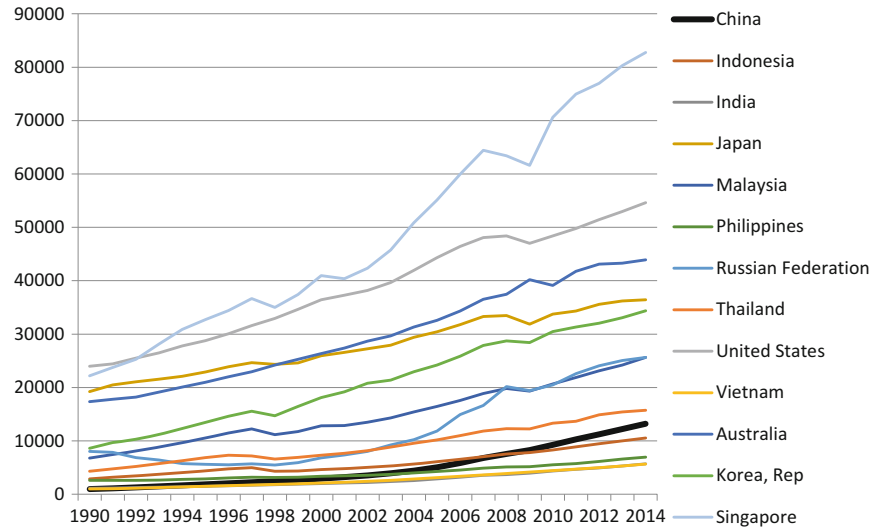

Fig. 4.8 GDP per capita (PPP, in current USD). Source: World Bank

to its broad public. From this perspective China does not rank badly, with roughly half of its population having access to the internet, making the total number of China's Internet users more than 600 million and thus the largest in the world. The rise of China's Internet users has been relatively steady during the 2000s, and China is, at the moment, above all the regional countries considered to be developing in this respect, although it is still below those considered developed, including Russia (Fig. 4.9).

China's magnificent size has played an important role in its economic development. Its seemingly bottomless supply of cheap labour and the huge size and density of its population allowed China to embark on developmental projects which would have not been possible elsewhere at such speed (Kroeber 2016, pp. 22–23). China seems to be able to tap the advantages of its size into technological development as well. At the end of the 2000s, China became the world leader in terms of numbers of patent applications, and in 2013, it had roughly the same number as the USA and Japan combined. From all the remaining countries, only South Korea has a notable amount of patent applications (Fig. 4.10). This indicator demonstrates that China's economic rise is not merely a matter of extensive use of resources but also of paying significant attention to technological upgrades.

At the same time, China's technological abilities should not be exaggerated—they generally lag far behind those of the developed countries in most areas of cutting edge technology, human capital, and soft skills. The USA in particular and to some extent also other developed countries enjoy a considerable advantage in most of the qualitative economic aspects which are of major utility in the twenty-first-century economic reality (Brooks and Wohlforth 2016; Beckley 2011; Inclusive Wealth Project 2016; UNEP and UN-IHDP 2014).

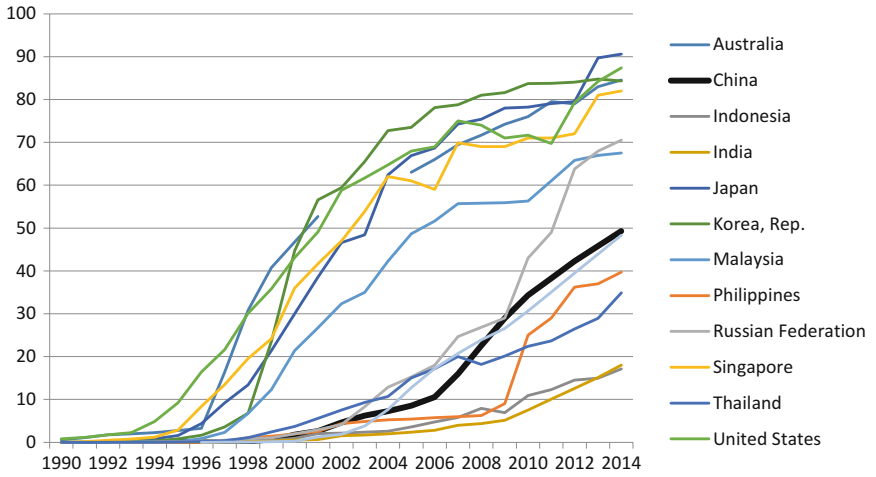

Fig. 4.9 Internet users (per 100 people). Source: World Bank

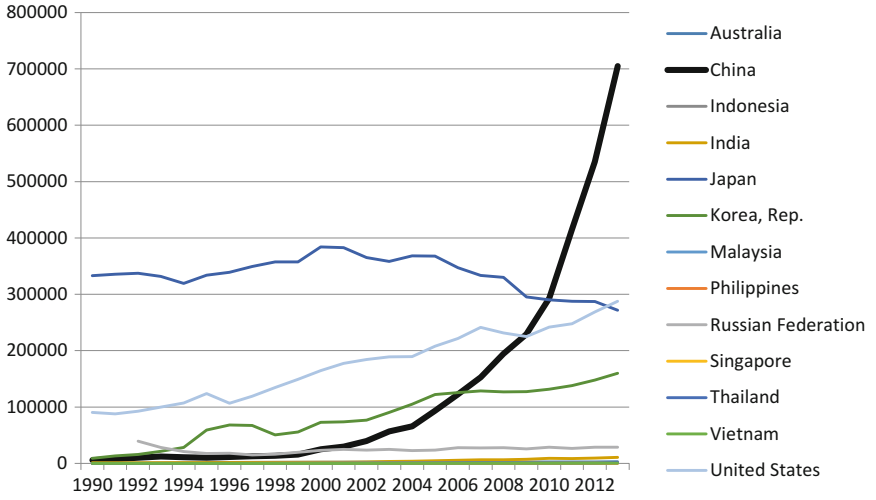

Fig. 4.10 Patent applications by residents. Source: World Bank

Looking at the South China Sea and the cases of assertive behaviour, China's economic sources of power played both indirect and direct roles. A major example of an indirect role here is that China's rise was first of all made possible by the economic development. Most other sources of power could not increase without the economic rise, and this is particularly the case for the military sources of power. Building up the military certainly requires a large and technologically skilled economic base.

The direct role of China's economic improvements in China's assertive actions can be identified in the case of the oil rig placement. China started to develop its resources in the SCS already at the end of the 1980s, although at the time it was confined to shallow waters. The Chinese corporation CNOOC has been capable of operating an offshore rig in the East China Sea at the Chunxiao oil and gas field since 2006, which also includes a pipeline of more than 400 km connecting the field with the Chinese mainland (Wall Street Journal 2006; People's Daily 2005). In 2014, China also deployed a new oil rig in the East China Sea to further develop the area (South China Morning Post 2014). However, the East China Sea is shallow compared to the SCS. China has cooperated with international oil companies (such as ConocoPhillips, Shell, Chevron, BP, BG, Husky Energy, Anadarko, and Eni) in the development of offshore projects for their high technological demands. The vast majority of China's oil reserves are onshore or located in the shallow waters, like the established offshore resources in Bohai Bay (Energy Information Agency 2015). This shows that technologically, China lacked for a long time the required capabilities for developing its deep-water resources.

Only in the mid-2000s did China start to explore the deep waters of the SCS and prepare for moving into the deep waters by 2010 (Li 2015). In 2010, China became the fifth country in the world (after the USA, France, Russia, and Japan) to be capable of reaching a depth of 3000 m with the *Jiaolong* manned submersible (Chase 2010). In 2012, the *Jiaolong* reached a depth of more than 7000 m. With the finishing of the construction of the sixth generation of the Chinese deep-water oil rigs (of which Haiyang Shiyou 981 was the first example), China could effectively move on to explore and later on exploit the deep-water resources in the SCS (Li 2015). The one billion USD oil rig Haiyang Shiyou 981 began its operations in 2012, before it was placed in the disputed waters in the SCS in 2014 (*The Economist* 2014). Haiyang Shiyou 981 was, at the time, China's largest oil drilling platform, although in 2014, China ordered more similar-sized rigs, which should be delivered in a few years' time (Yep 2014).

The reclamation activities also show a similar link to China's technological advances. The extensive dredging was made possible by China's newly developed dredging capabilities that allowed for reclamation works far away from the mainland (Dolven et al. 2015, p. 5). From 2001 until 2010, China more than tripled its annual dredging capacity and became the world leader in this respect. China not only increased the quantity of its fleets but invested in developing and building bigger and more capable dredgers. Between 2005 and 2012, China built 20 large trailing suction hopper dredgers, and in 2004–2011, China launched at least 44 large cutter suction dredgers (Erickson and Bond 2015). In 2008–2010, China developed (together with a German company) and built the new type of dredger *Tianjing*, which was then involved in the reclamation activities in the SCS since 2014. It is now the third largest dredger in the world and the largest in Asia, with the ability to dredge to a depth of 30 m and move 4500 m^3 of material per hour. It can also move alone without a necessity to tow it to the place of operation, which is particularly important since the Spratly Islands are located thousands of kilometres from the Chinese mainland (Erickson and Bond 2015, pp. 17–18).

The Summary and the Argument

China's economic growth stood at the beginning of the whole 'China rise' story. Without its dynamic economy, no military rise could take place, and other (subsequently to be discussed) sources of power would also be considerably hit. A well-functioning economy is an absolutely essential source of power for every power projection, and few other sources of power could exist without a sound economic base in the medium to long term.

The technological advances and sufficient economic base made possible the acquisition of deep-water exploration and drilling technology. China achieved this capability in the beginning of the 2010s. The oil rig incident in 2014 is an immediate outcome of this newly acquired technological and economic power of China. In this instance of assertive policies of China, the case can be made that China acted immediately after it acquired the power to do so—as the main hypothesis suggests.

In all the remaining cases of assertive Chinese actions or policy adjustments, the economy played an indirect role of providing necessary funding for building up other power sources, such as military, paramilitary, or civilian sources. Moreover, the size of China's economy and its gravitational effects on other claimants also have potential political consequences. However, the evidence shows that China possessed all the specific capabilities at least a few years before it chose to apply them. These instances therefore do not support the main hypothesis.

4.3 National Performance

The World Governance Indicators (World Bank 2015) offer quantitative data about the governance records of states with the use of six indicators, which include voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption. China's overall average rank shows a stability on its part over the last 20 years for which data is available. Minor lows are observed at the end of the 1990s and at the end of the 2000s, and minor highs can be seen in the mid-2000s and since 2012. Looking at individual indicators, China's government effectiveness shows a rapid increase since 2013, and its control of corruption indicator also shows a rapid increase since 2010. Overall, if we look at China's average and individual ranks on the separate governance indicators, there is no evidence of a major increase of China's national performance in the period of 2008–2010, but there has been such an increase since 2012 (Fig. 4.11).

If we compare China's performance with those of other regional countries on arguably the most relevant indicator, that of government effectiveness, two groupings of countries without much change throughout the observed period can be recognized. China finds itself closely aligned with the Philippines and India in this respect, although the latter had a decrease on this indicator since 2010, while

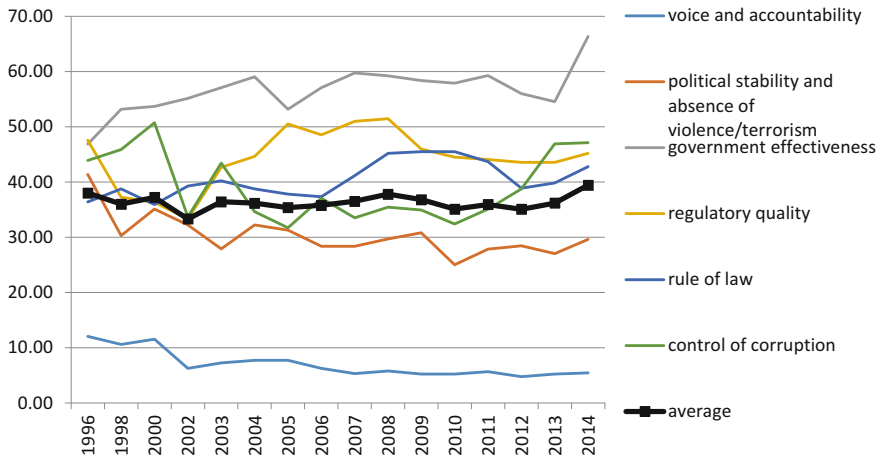

Fig. 4.11 China: World Governance Indicators (percentile ranks). Source: World Bank

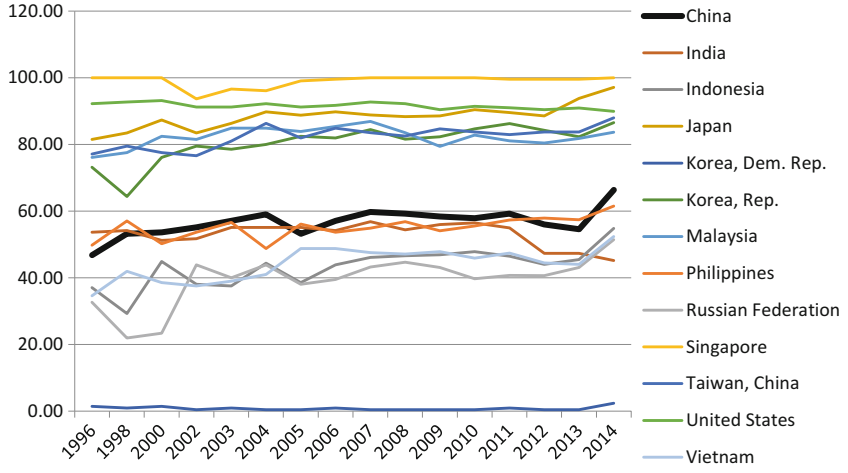

Fig. 4.12 Government effectiveness (percentile ranks). Source: World Bank

China's ranking increased and overtook that of the Philippines. Vietnam, Indonesia, and Russia are all below China in terms of their government effectiveness, while North Korea has one of the world's worst government effectiveness. On the other hand, Singapore has consistently one of the world's best government effectiveness, and it is followed by Japan, the USA, Taiwan, South Korea, and Malaysia in the government effectiveness ranking, with all these countries being significantly above China's level of government effectiveness (Fig. 4.12).

Moving beyond quantitative data, Nadège Rolland finds that China has so far been successful in managing its natural resources and economy. However, she seems less optimistic about the future. The nature of the Chinese domestic system

increasingly poses limitations to further development. It is unclear whether the Chinese authoritarian system will be capable of competing with the liberal democracies in the West and elsewhere in terms of economic innovations and technologies—which she sees as the essence of power in the twenty-first century (Rolland 2015).

In the particular area of the South China Sea, there had been a long-lasting criticism of the fragmented Chinese state agencies which possibly could act on their own will without sufficient coordination from the central government (International Crisis Group 2012; Gong 2012). This started to change in 2013, when the Chinese government unified four of the five bodies tasked with maritime law enforcement so that they would be unified under the banner of the China Coast Guard and directed by the strengthened State Oceanic Administration (Hong 2015). It took some time before the reform was implemented, but as of 2014, there are indications that most of the deployments were made with the orders of the central headquarters based in Beijing (Wu and Pu 2013). However, there is probably still some space left for improvements of effectiveness here (Martinson 2015, pp. 40–42).

This reform was clearly made with the idea of making the law enforcement agencies more capable of meeting the national policies with regard to the disputed territories. As a result of the reforms, the central control over the law enforcement agencies increased substantially. This means that the likelihood that any noncrisis development in the sea would be happening without direct sanctioning of the top leaders has been decreasing since 2013. Therefore, the steps China has been taking since then cannot be assigned to the vested interest on the side of the lower-ranking agencies and the lack of oversight of the central government. But this, on the other hand, says nothing about a possibility of frictions within the central government itself and a potential hijacking of a certain part of the state apparatus by various interested groups.

Looking at the events related to China's assertiveness, the reform and its implementation played some role in increasing China's capabilities to act in a coordinated and assertive manner. During the oil rig incident in 2014, the coordinated protection provided by the China Coast Guard, for which vessels were called from various regions, was a clear demonstration of China's increased cooperation capability (Martinson 2015, p. 42). In the same vein, subsequent actions of China in the region could have benefitted from this increased security protection. On the other hand, the increased capability of China in this regard should not be exaggerated. Chinese enforcement vessels already played an important role during their deployments at Scarborough Shoal in 2012 and at the Second Thomas Shoal since 2013. Thus, they were capable of similar types of operations even before the reforms were made or implemented, although possibly with a need for additional ad hoc coordinating attention. In fact, it is likely that it was exactly the occurrence of such events that contributed to the need to increase the systemic control.

The Summary and the Argument

The Chinese government has been surprisingly successful in governing the country in the previous two decades. It has been documented both quantitatively and qualitatively that China's government effectiveness has been increasing since 2012. Meanwhile, China's rivals in the SCS somewhat lag behind it. Quantitatively, the Philippines is ahead of Vietnam in terms of government effectiveness, although a number of qualitative analyses find the Philippines' state to be chaotic, corrupt, and ineffective (Kaplan 2015, pp. 122–139).

In the SCS domain, the most relevant aspect of China's national performance is the unification of the maritime agencies, which resulted in their better coordination and more direct subordinance to the central government as of 2013. This contributed to China's capability to conduct operations in the disputed waters and offer effective security provided by the law enforcement vessels, such as in the oil rig incident in 2014. While the capability in terms of its performance increased, the increase should not be exaggerated for even before the reform, Chinese vessels were capable of providing the same or similar functions, such as during the Scarborough Shoal stand-off in 2012.

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Chapter 5
China's International and Societal Levels of Power Sources

5.1 The Institutional Setting

East Asia used to be regarded as a region without regional institutionalization and driven more by informal interaction, especially economic interaction, than by formal political institution forming (Acharya and Shambaugh 2008). This view might not be entirely correct in every detail, but the truth is that ASEAN, established in 1967, was the only relevant institution there for a long time, and East Asia, compared to other world regions, was late in developing regional institutions. The regional institutional setting started to develop rapidly since the beginning of the 1990s (Table 5.1).[1]

On the one hand, there was the Asia Pacific Economic Cooperation (APEC)—the quintessential Asian-Pacific body bringing in a wide cohort of countries on both sides of the Pacific Ocean, which was originally a result of an Australian effort and to a significant extent supported especially by Japan. Soon afterwards, the ASEAN Regional Forum (ARF) appeared as an ASEAN signature project, gathering also a broad list of countries which are all ASEAN dialogue partners. While different in their origins, goals, and themes, both of these institutions can be regarded as relatively inclusive Asia-Pacific types of institutions (Beeson 2009).

On the other hand, there appeared institutions of a distinctively East Asian and exclusive character. The first was the ASEAN Plus Three (APT), which started after the 1997 Asian financial crisis when many Asian countries felt that the US-led IMF did not address the issue sufficiently and that perhaps distinct Asian institutions could do better. After the unsuccessful attempts of Japan to create an Asian Monetary Fund (which did not materialize due to the US opposition), the three Northeast Asian countries agreed to form a special forum convened by ASEAN. The APT format produced some concrete results, one of the most important being the Chiang Mai Initiative, a multilateral currency swap agreement designed to avoid shortages of liquidity in cases such as the 1997 Asian financial crisis (Dent 2008). Subsequent

[1] See Table 5.1 for relevant regional international institutions and their membership.

R.Q. Turcsányi, *Chinese Assertiveness in the South China Sea*, Global Power Shift,
https://doi.org/10.1007/978-3-319-67648-7_5

Table 5.1 The regional institutional setting in East Asia[a]

ASEAN (1967)	Indonesia, Malaysia, Thailand, Brunei, Singapore, Philippines, Cambodia, Myanmar, Laos, Vietnam
ASEAN Regional Forum (1994)	EAS, Canada, EU, Pakistan, North Korea, Sri Lanka, Papua New Guinea, East Timor, Mongolia, Bangladesh
ASEAN Plus Three (1997)	ASEAN, Japan, South Korea, China
East Asia Summit (2005)	APT, India, Australia, New Zealand, USA, Russia
APEC (1989)	EAS, Canada, Mexico, Peru, Chile, Taiwan, Hong Kong, Papua New Guinea, Russia
SCO (1996/2001)	China, Russia, Kazakhstan, Uzbekistan, Kyrgyzstan, Tajikistan

Source: Official webpages of ASEAN, APEC, and SCO (Association of Southeast Asian Nations 2016; Asia-Pacific Economic Cooperation 2016; Official Website of the Russian Presidency in the Shanghai Cooperation Organization 2015)

[a]For the map, see Asia Maritime Transparency Initiative (2016)

attempts of ASEAN to position itself at the centre and increasingly also attempts to play down the growing Chinese influence in APT led to further enlargements and the establishment of the East Asia Summit (EAS) in 2005, which was originally in the form of ASEAN Plus Six (with the addition of India, Australia, and New Zealand) and, since 2011, contained also the USA and Russia (Emmers 2012).

The Shanghai Cooperation Organization (SCO) might be regarded as another non-western organization in the wider region which started to develop in the 1990s, but its focus has been Eurasian rather than East Asian. The organization has been regularly seen as a Sino-Russian project of managing Central Asia. Recently, the organization announced its expansion towards South Asia by inviting India and Pakistan to join as full members (Shaikh 2015).

The development of the institutions went, to some extent, hand in hand with the production of concrete economic agreements, most notably FTAs. In the early 2000s, ASEAN's relations with China (sometimes labelled as ASEAN+1) led to the China-ASEAN FTA. Soon afterwards, ASEAN signed similar FTAs with other regional partners, including South Korea, Japan, and others (such as Australia and New Zealand) (Nesadurai 2011).

The list of concluded FTAs in East Asia is as follows (ADB 2015):

- The ASEAN FTA, signed in 1992
- The ASEAN-China FTA, signed in 2002, in effect in 2002
- The ASEAN-Japan Economic Comprehensive Partnership, signed in 2007, in effect in 2008
- The ASEAN-South Korea FTA, signed in 2006
- The China-South Korea FTA, signed in 2014
- The Trans-Pacific Partnership, signed in 2015

Another concrete outcome of ASEAN-China contacts which is relevant for the topic of this book is the Declaration of Conduct in the South China Sea (DoC), which was signed between the two parties in 2002 and for the time being set aside their disagreements in the area (Storey 2013, pp. 20–47). However, the DoC did not prove

to be a first step in the multilateral process towards binding a code of conduct or even the final resolution of the dispute, as it was rather an expression of a certain distribution of power and intentions of the time (Buszynski 2003). The nature of the signed DoC prevented it from being an effective document that would contribute to the management of the dispute once the conditions changed. Most importantly, the DoC did not contain any legally binding commitments of the parties, and it had mainly the character of a political statement of will (Mingjiang 2014; Duong 2015). With the time passing and, at the latest, since the end of the 2000s, it started to be obvious that the DoC was the final outcome of China's will to engage in a multilateral process to address the disputes with a few ASEAN members. The discussion on concluding the legally binding code of conduct had not gone anywhere for a long time, although it was repeatedly restarted only to steadily wane in time. China has been seen as using a delaying strategy and avoiding any progress in the consultations (Panda 2015b; Tiezzi 2014). As previously noted, there are signs that after 2016 court decision, China and ASEAN found a way, and as this book into press, the two sides report that they agreed on the framework for the code of conduct (Blanchard 2017). However, whether a document is eventually adopted or not and how it would be implemented remains outside of the scope of this book, which focuses on the assertive events until 2016 and their driving forces on the side of China.

The latest supplement to the regional institutional framework has been the two rival FTA projects—the Trans-Pacific Partnership (TPP) and the Regional Comprehensive Economic Partnership (RCEP).[2] The two projects have been certainly viewed as more than 'just' FTAs. The TPP was originally born as a limited FTA between New Zealand, Singapore, Chile, and Peru, but it has become a major economic pillar of President Obama's 'Asian pivot'. From its beginning it was subjected to heavy criticism in China, which saw it as an economic expression of containment (which the entire Asian pivot has been perceived as promoting).[3] With the passage of time, however, China toned down its resolute criticism, and at the time of the TPP signing in autumn 2015, it even seemed that it might be willing to join it in the future (Hamanaka 2014).

It might seem a bit ironic that now one of the biggest ideas for future deepening of the regionalization in East Asia/the Asia-Pacific is the establishment of a grand FTA covering all APEC countries on both sides of the Pacific (Tiezzi 2015a). This is the very same goal which appeared already with the creation of APEC in the beginning of the 1990s and which remained dormant for about two decades, during which APEC has been steadily decreasing in importance. The prospects for such an FTA might not be entirely out of the question. After the TPP agreement has been

[2]For the membership map, see Asia Maritime Transparency Initiative (2016).

[3]It is good to keep in mind, however, that the TPP is not explicitly excluding China or any other country. The TPP is attempting to create an FTA with high standards, and it is often believed that China would not be capable of joining it for some time. Nonetheless, Vietnam, which has arguably even bigger difficulties than China, is a member. This might point simultaneously in two directions—the TPP is actually a political project of the USA and likeminded countries; or China can also join it similarly to Vietnam if it chooses to do so.

reached, the countries involved in the RCEP process are probably trying their best to conclude their deal as soon as possible so as not to be late for too many events. China in particular has much vested interest in concluding the RCEP since it is not included in the TPP and it does not want to be sidelined, both for reasons of prestige and for practical reasons of securing trade privileges. When the RCEP is concluded, it can be accepted that the real discussion will kick off regarding the possibility of the merge. Obviously, though, it might take another decade or more before this can be even seriously negotiated, let alone concluded.

The bottom line from the Chinese perspective is that China has a favourable position in both the global and the regional institutional setting, and it is a member of almost every relevant institution. China is one of the five permanent members of the UN Security Council, which can be seen as the most important institutional position a state can hold in the current international system. Besides this, China has become involved in a number of international and regional institutions after its 'turn to multilateralism', which can be placed in the mid-1990s (Wu and Lansdowne 2009b). These organizations include those regarded as inclusive and 'standard' in the West, e.g. the WTO, the IMF, APEC, EAS, ARF, and ADF, and also those viewed with varying levels of suspicion, e.g. the SCO, the AIIB, ASEAN Plus Three, and BRICS.

Membership in international organizations serves well China's goal of a stable international environment, and it also has the potential to improve the image of China internationally (Chung 2010). China's participation in multilateral endeavours can create the image of a China which is not only willing to work for its own profit but wants to contribute to global governance and be a 'responsible stakeholder' (Zoelick 2015). Moreover, China can effectively influence global and regional governance by pushing forward its own agenda, supporting or letting go of agenda of other countries which would not harm China's interests, and attempting to block dynamics it would deem unfavourable (Mingjiang 2008). In 2015 China blocked a communiqué of the ADMM-Plus which was about to mention its construction of artificial islands in the SCS (Parameswaran 2015a). China can also play a divisive role in ASEAN alone. In 2012, allegedly after its pressure, Cambodia as the ASEAN chair of that year refused to support any mention of the SCS disputes, and ASEAN thus failed to issue a communiqué—for the first time in its history (Bower 2012).

At the same time, the institutional membership can cause troubles, too. China might succumb to the institutional network which would limit its free space to manoeuvre and become 'entangled' (Shambaugh 2013, pp. 102–105). It can also make the Chinese government nervous when discussing 'sensitive' and nationalistic issues which might be linked back to its domestic legitimacy and where the Chinese government cannot afford any compromise without risking domestic upheavals. At the least, the institutional forums can put a spotlight on issues unfavourable to China. An example can be the ARF Summit in 2010, in which the issue of the SCS was opened for the first time, which left the Chinese Foreign Minister visibly upset and provoked his angry comment about the big states and the

small states (see the Introduction). These opposing trends in Chinese international conduct sometimes lead to situations in which it seems that there are two 'Chinas'—one which is an active participant in multilateral diplomacy and the other one which is nervous and unwilling to respect international norms (Wu and Lansdowne 2009a).

There is a potential additional advantage of China's development of institutional frameworks. While the regional institutional bodies in East Asia came only after the vivid economic interaction, they do set a goal for themselves—to further economic cooperation around the region. China has a long history of using economic means for political goals, and in the current situation, in which its economic power has surpassed its military and diplomatic power, the economy again offers the Chinese government a tool to forward its goals. China as the biggest economy in the region is in the natural position to increase its economic posture and create interdependent relations with other states, which would work in its favour (Reilly 2012).

While the institutional arena remains a relevant battleground for all the disputants, no side can claim any significant victory as of yet. An important institutional feature with regard to the SCS dispute is the DoC concluded between China and ASEAN in 2002. From the long-time perspective, it seems that it was China which got its way. By signing into the multilateral process, China achieved an improvement of the international environment and its perception for years to come. On the other hand, by refusing to accept any legally binding obligations and adopting a vague language, it kept its hands untied.

The Summary and the Argument

China's institutional position in the regional and global international system is stable and relatively positive. China is a member of all the major regional bodies and its position in the global institutional system is also very strong. The only relevant regional institution which China has 'missed' is the TPP. It remains to be seen whether this would have any noteworthy impacts. Compared to China, the other claimants in the SCS are not disadvantaged when it comes to their institutional positions. With the exception of Taiwan (which, indeed, faces serious institutional limitations due to its lack of international recognition), all the remaining claimants in the SCS are ASEAN members, which places them in the centre of the regional integration process. Moreover, some of them are also members of the TPP besides being involved in the negotiations of the RCEP.

All in all, China was relatively successful in managing international institutions in favourable ways to get the most from them in terms of stabilizing the international environment while not getting entangled in issues and obligations which would go against its interests. With the growth of the perception of its assertiveness, however, a number of countries attempted to use the international forums to highlight and pressure China. In one way or another, though, none of the Chinese assertive policies have been considerably driven by the institutional setting or China's newly acquired powerful position in any of the institutions. At the same time, the lack of effective limitations—such as in the form of a legally binding code

of conduct in the SCS—left China with a relatively ample space for action and thus contributed to the Chinese power.

5.2 Geopolitics

China's geopolitical position depends on a number of factors. In this section the given country's geostrategic position, its external energy security, and the balance of potential alliance relations will be analysed as the most pertinent aspects of its geopolitical position. A discussion about the balancing or bandwagoning of the regional countries vis-à-vis China will then be offered with a particular focus on the SCS territory.

China shares land borders with 14 countries, and its maritime borders meet a number of other states. China's relations with many of these countries have been problematic and China engaged in wars with at least five of them in recent history. Four of China's immediate neighbours are nuclear weapon states (Russia, Pakistan, India, and North Korea) with the fifth nuclear weapon state (the USA) being present via permanent bases and navy patrols in the region. By the simple nature of the geography, China is part of Northeast Asia, Southeast Asia, South Asia, and Central Asia—each being a very complex region with unresolved security issues and substantial animosity. While China, indeed, can be seen as an island from a certain perspective (Mauldin 2012), no other country in the world shares so many borders with other countries, and no other great power is under a comparable level of surveillance as China (Kirchberger 2015, pp. 46–47).

China has a direct access to the sea and hence cannot be 'contained' in the classical geopolitical sense of Nicholas Spykman.[4] However, it is unfortunate for China that its access to the open ocean is checked by the so-called First Island Chain (Japan, Taiwan, Philippines, and Borneo) and Second Island Chain (Japan and Guam).[5] Since the sea waters China has access to are relatively small and enclosed, the EEZs of the littoral states overlap with each other, resulting in a necessity to make a compromise and getting away with smaller zones than would have been the case in the open ocean. China feels particularly bitter about the comparison of its EEZs with the Japanese EEZ towards the open Pacific Ocean.

It is very difficult for China to expand its power since in every direction it soon meets other countries. The enclosed nature of the seas surrounding China increases the rivalry and creates zero sum situations in terms of divisions of maritime rights. Achieving friendly neighbour relations in this situation is complicated for China, which is especially evident if we take into account also the simple fact that as the largest country China feels it is entitled to certain things and is thus less willing to

[4] Spykman (1944); for a contradictory suggestion about the geopolitical containment of China and the importance of Taiwan, see Sempa (2009).

[5] Yoshihara (2012); for the map see BBC (2014).

make the necessary compromises. The greater number of the relevant states also opens up the chance for successful balancing or hedging strategies. There is also a higher probability that some of the regional states will invite external countries to help them in balancing, and other regional actors would not be able or willing to prevent their involvement. Winning the hearts and minds of regional countries is almost impossible for China in this situation, and it would require a great amount of time, restraint, energy, skills, capital, and diplomatic art. While it does not seem very likely that China would achieve a similar regional dominance as that which the USA enjoys currently in the Western Hemisphere, it should be kept in mind that before the nineteenth century, this is exactly how the regional system in East Asia was organized, with China being widely recognized as a regional hegemonic power (Kang 2012).

After the reform and the opening-up process started in China, its integration with the world economy has been growing at a staggering speed and so has its energy demand and dependency on its imports. China has become extremely dependent on the shipping of energy supplies and other natural resources to sustain its economic model. Coal is and, for the foreseeable future, will remain the crucial part of the Chinese energy mix (Fig. 5.1), but the vast majority of the Chinese demand is covered by domestic production (Energy Information Association 2014). The situation with oil, whose importance for China's economy has been growing, is different.[6] In 2007 it was reported that in case of a supply rupture, China's oil reserves would last for only 7 days, although by 2015 this figure climbed up to 20 days (Rose and Aizhu 2015). As

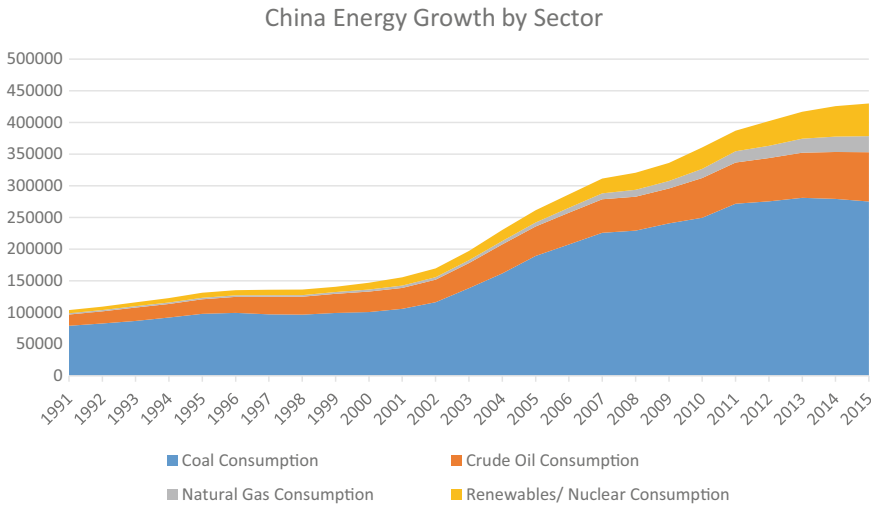

Fig. 5.1 The Chinese energy mix. Source: China National Bureau of Statistics (2016)

[6]See Fig. 5.1 for Chinese energy mix and its growth.

much as 80% of China's oil is being shipped via the Indian Ocean.[7] While this line is critically important for China, it has little control over its security (Cronin and Kaplan 2012, p. 7; see also National Strategy for Maritime Security 2005).

China has made attempts to diversify its energy sources. It constructed a pipeline through Myanmar to Yunnan Province, but even though it can carry in as much as 10% of Chinese gas imports and about 5% of its oil imports (Bloomberg 2017), eventually it might have created more problems than it solved. Myanmar's political situation changed markedly since the project began, the gas and oil pass through the highly unstable border regions, and there is still missing infrastructure on the Chinese side of the border (Borroz 2014). China has also been engaging in the construction of the China-Pakistan Economic Corridor, which is to connect the Pakistani port Gwadar with the Chinese Xinjiang Province. It is, however, unclear when (and if) the project will be finished. Here, the security is an even bigger issue than in Myanmar (Fazil 2015). Rumours have also been going around about plans for the construction of a channel through Thailand, but as of yet they have not been officially confirmed by any of the sides (Tiezzi 2015b). Finally, since 2013 China has tried to open up the Northern Sea Route across the Arctic, which can have a potentially huge impact on its economic connectivity with Europe if it becomes navigable for a longer period of the year (Savadove 2013).

China's growing military capabilities should seemingly mean that China is becoming more secure in the anarchic international system. However, if we take into account alliance and semi-alliance relations, the resulting picture is different. If we consider a country's military expenditure as the simplest indicator of its military strength and as a criterion defining the geopolitical weight of the country, China increased its regional share from 3% of the relevant countries in Indo-Pacific region in 1994 to 18% in 2014. This would make China's position roughly comparable with that of an alliance of all the remaining regional countries (i.e. ASEAN, Japan, South Korea, Australia, and India), not taking into account the qualitative factors of their fighting capabilities—which would, though, change the picture to China's disadvantage. In any case, however, the USA would tip the balance decisively to the other side. Even if China allied with Russia (something which is still improbable), the two countries would be much less powerful in the structural sense than the coalition of the USA and its formally and informally allied partners. In fact, the USA takes more than half of the military expenditures of the relevant countries on itself, and it enjoys formal alliance relations or an informal semi-alliance partnership with most of the remaining countries in the region, excluding China and Russia. China could only ever be in a position to effectively balance the USA if it allied with some important countries of the region and if its military expenditures and capabilities continued to increase considerably (Fig. 5.2). Under this scenario, which is highly unlikely even in the long term, the Chinese camp would be perhaps capable of forming a similar opposition to the USA as was the case of the Soviet Union (meaning a still unequal relation in many aspects).

[7]For an excellent map that shows how shares of Chinese energy supplies pass through various lanes, see the Department of Defense (2015, p. 86).

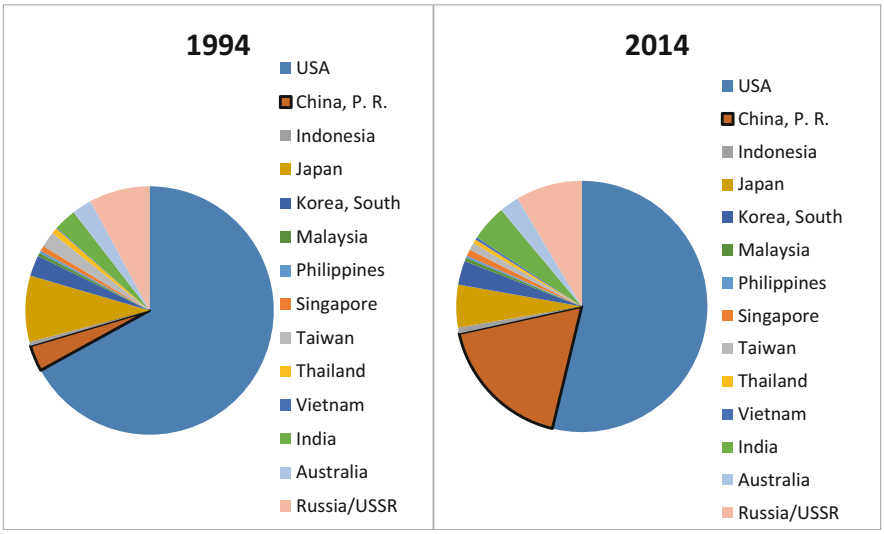

Fig. 5.2 Military expenditures in the Indo-Pacific. Source: SIPRI

These balancing scenarios are in no one's interest—and surely not in China's. The economic and social development of China is officially recognized as being the country's core interest (Bingguo 2010; National People's Congress 2015), and it depends on preserving a stable and open international system. In particular Chinese development is dependent on technology imports from the West. It is almost impossible that China could continue its development under the scenarios in which it starts to openly balance against the USA and the West.[8]

As a matter of fact, China's rise puts many around the region in doubt about how the increasingly militarily capable China would use its newly acquired might. In this situation the slightest sign of aggressiveness leads smaller countries to pursue increased security guarantees from other great powers to hedge against the possibility that China might choose to turn on them. A positive perception of China on the international level would be a factor which could decrease the prospect of a hostile international environment. A fair and mutually beneficial economic interaction with China would be another one. Yet, still, it would be increasingly difficult for China to persuade other countries not to hedge or balance against it in the context of its military becoming increasingly more capable (and active). This leads Edward Luttwak (2012) to state that China cannot rise economically and militarily at the same time.

David Kang tested the alleged balancing behaviour of Asian regional countries in the face of China's rise. Kang (2015) analyses the long-term behaviour of Asian countries in terms of their military expenditures, and he finds no evidence that the regional countries would be balancing militarily against China. Moreover, he shows

[8]For super and detailed discussion about the relations of the regional middle powers with China and the USA, see Fels (2017).

that their quickly deepening economic relations with China do not show any economic balancing either. In his influential book *China Rising* (Kang 2007), published before the assertive shift of Chinese foreign policy, Kang presents his assertion that the regional countries see China as an economic opportunity rather than as a security threat. His explanation of this behaviour relies heavily on the historical experience with the Sino-centric Asian regional order, which was organized around the benign hegemonic China, which was leading the region not in military terms, but in terms of economy, culture, and other soft means. The relatively positive (from China's perspective) image of the regional order in the 2000s (before the shift to a more assertive foreign policy) was shared by other authors as well (Shambaugh 2005). At the time China enjoyed friendly relations with all major powers and most of its neighbours, and it could focus on domestic development.

Interestingly, there have been voices which said that the early Obama administration sent ambiguous signals to China which might have caused China to believe that its geopolitical position in the region is much stronger. Christensen (2015) argues that while the long-standing policy of the USA had been to assure China in terms of respecting its minimal *concrete* demands (such as not supporting Taiwan and Tibetan independence), during 2009 Obama sent signals to China which were assuring it that the USA and China would respect each other's 'core interests' without clarifying what that meant in concrete terms (White House 2009). Obama also postponed his meeting with the Dalai Lama, and his goodwill gestures of support towards multilateralism might have been interpreted in China as indicating that the USA was not willing to preserve its long-standing leading position in the region. Soon afterwards, however, China realized that Obama and the USA had no interest in withdrawing from the region.[9]

In any case, the late 2000s brought an end to the favourable international environment from China's perspective, which went hand in hand with the rise of the assertive China narrative. While there seems to be a consensus that the Chinese assertive shift has resulted in (or was accompanied by) worsened international relations for China, not everyone agrees. Yan Xuetong (2014) assesses the new 'assertive' Chinese foreign policy, which he labels as 'striving for achievements' (SFA), and he actually finds it to be more successful than the previous strategy of 'keeping a low profile' (KLP). Yan bases his approach on speeches of President Xi Jinping and shows that the Chinese goal has moved from the economic domain, which China focused on under the KLP strategy, to improving political relations with foreign countries under the SFA strategy. He uses Tsinghua University's dataset for measuring relations with foreign countries (Institute of Modern International Relations 2015) as proof of this, which is adjoined by his interpretation of Chinese relations with the USA, major European powers, and the developing world.

In reality, however, there can be found plenty of evidence that the regional countries are increasingly worried about the Chinese behaviour and they hedge and even balance against China, increasingly so with the time passing. The adjoined list

[9]Scobell and Harold (2013); for an argument about the long-term disappointments about the USA-China relations, see also Yan (2010), Johnston (2011).

presents examples of hedging/balancing actions of relevant actors which can be regarded as worsening the geopolitical environment of China in the SCS:

- The USA announced in 2014 that it would further ease its arms embargo against Vietnam to allow it to purchase lethal capabilities (International Institute for Strategic Studies 2015, p. 207). Already by the beginning of 2016, the USA conducted two freedom-of-navigation operations near Chinese artificial islands and more are being planned for the future. According to announcements, the US Navy sailed a total of 700 days in the SCS in 2015 (Seck 2016). Also, the USA sent its aircraft carrier group to the SCS and it operated there for a week in early March 2016. In October 2015 the US aircraft carrier participated in the first US military exercise with the Japanese Navy in the SCS (Panda 2015a).
- ASEAN included direct mentions of reclamation activities (although not naming China in the same sentence) in its communiqué in 2015 (ASEAN 2015, p. 25). This was the first such statement to directly refer to the dispute, and for ASEAN standards it is a major step (Erickson and Bond 2015).
- In 2014 Vietnam received the first two of its six ordered submarines from Russia in a clear attempt to increase its defence capabilities in the SCS (International Institute for Strategic Studies 2015, p. 207). As for India, it has extended a 100 million USD credit line for Vietnam to buy patrol boats, and it also trains Vietnamese submarine personnel on its territory. Vietnam was also granted oil exploration blocks in disputed waters (International Institute for Strategic Studies 2015). Vietnam started to deepen its relations with the Philippines in 2015, when the two countries entered into discussions about forging a strategic partnership with direct mentions of China as a factor (Thayer 2015). In April 2016 they started to discuss the possibility of their joint patrolling of the sea (Mogato 2016).
- The Philippines reacted to the events at Scarborough Shoal in 2012 and those at the Second Thomas Shoal since 2013 by reviving its alliance partnership with the USA. In 2014 the Enhanced Defence Cooperation Agreement was signed, and it gave the USA access to bases across the country for a 10-year period. While constitutionally the Philippines is not allowed to host foreign troops on its soil permanently (since the US bases there were closed down in 1991), this would give the USA the option to be present at various locations on a temporary and rotational basis (Panda 2014; see also Castro 2009). The Philippines also purchased a number of armed vehicles and vessels from the USA, and it is considering purchases of other military equipment from other countries, such as aircraft from South Korea (see The Diplomat). The Philippines started to borrow planes from Japan to patrol the SCS in March 2016 (Tomkins 2016), and in January 2016 it announced that it seeks to conduct joint patrols with the USA in the SCS (Defense News 2016). The SCS disputes are the clear driving factor of the revived USA-Philippines alliance, as was shown by the recent military exercise Balikatan 2016, which focused on training for a potential mission of recovering an occupied island with an amphibious operation (Parameswaran 2016e).
- Malaysia used to be restrained in the SCS and it rarely criticized or confronted China (Parameswaran 2015b). This started to change relatively quickly at the

end of 2015 and the beginning of 2016 (Noor 2016), as it was provoked by various incidents that brought in as many as 100 fishing boats to waters which Malaysia claims as its EEZ (Parameswaran 2016a). Malaysia even asked Australia for assistance against the Chinese military pushback (The Guardian 2016b).

- Indonesia is in this regard similar to Malaysia, and it too started to become more worried about the Chinese encroachment in the waters it claims as the Natuna Islands' EEZ. By the end of 2015, Indonesia started to be referred to as China's next challenger (Mollman 2015). Most recently, in an incident in March 2016 Indonesian authorities arrested some Chinese fishermen, and notwithstanding Chinese pressure Indonesia vowed to prosecute them according to its laws (The Guardian 2016a). Immediately afterwards, Indonesia announced plans for extending its base on the Natuna Islands (Parameswaran 2016c) and developing oil fields in the relevant waters in an apparent attempt to demonstrate its administration of the area (Fortune 2016).
- India and the USA are considering joint patrols in the SCS, which could be possibly conducted at the end of 2016 (Miglani 2016).
- In late 2015 Japan also announced that it was considering patrols in the SCS (Gady 2015a), and in the beginning of 2016, it was announced that Japan would strengthen its presence in the SCS by transporting aircraft from its operations along the Somali coasts, which would stop in Vietnam, the Philippines, or Malaysia. Japan also made arrangements with the Philippines and Vietnam for port calls of its vessels. Furthermore, the USA and Japan held their first joint military exercise in the SCS in October 2015 (Parameswaran 2016d).

On the other hand, perhaps the only action which can be painted as a China-friendly gesture on the part of other actors is the joint military exercise in the SCS of China and Cambodia.[10] This was the historically first joint military exercise between the two countries, and besides more than 700 Chinese personnel, there were 70 Cambodians participating as sailors in it (Parameswaran 2016b). Cambodia has been the only country in ASEAN to be closer to China than to the USA ever since Myanmar started to shift its strategic orientation. At the same time, Cambodia's relative importance in ASEAN is mostly limited to its veto power over official communication, as according to ASEAN rules, decisions about the official communication must be accepted unanimously by all the members. This was important in 2012 when Cambodia was the president of ASEAN, and the Association for the first time failed to produce a joint Communiqué after Cambodia allegedly refused any mentions of the SCS dispute (Bower 2012). Yet, in 2015 the Communiqué was unusually straightforward in criticizing the reclamation activities of an unnamed country, and Cambodia too had to accept the wording (ASEAN 2015, p. 25).

[10]Another joint military exercise of China and Russia took place in the Sea of Japan; Gady (2015b).

After the 8 years of the Obama administration, the region increasingly seems to be organized into two adversary blocs.[11] At the same time, these two blocs are far from being equally balanced, with most of the relevant countries siding to various extents with the US or with the Chinese opponents in the SCS. This does not necessarily mean that China will not be able to get its way since the involved countries might differ in how much importance they assign to the issue and how much risk they are willing to take. Yet, this geopolitical development does pose a serious factor to consider from China's perspective. It has been a long-standing goal of China to preserve a stable international environment and to prevent the formation of an anti-China coalition. If China's assertiveness results in strengthened alliance relations of the USA and its allies, and more effective cooperation between various countries of the region in balancing China, this would ultimately prove to be a major failure of Chinese foreign policy.

The geopolitics already seems to be a major limitation for China and its power. In the SCS, the Chinese behaviour has been restrained, its recent assertiveness notwithstanding. China has not applied brute force against any of the other claimants' outposts for more than 20 years—and it has never done so against an ASEAN member. Notably, it has not gotten directly involved in the Second Thomas Shoal, which is occupied by a dozen Filipino marines, besides sustaining a blockade, which is arguably a much more restrained behaviour than a direct attack. China has been capable of taking up a direct confrontation with other claimants and winning the occupation of disputed features for years or decades as the examples of is successful operations in the early 1990s, the 1980s, or even the 1970s show. On the other hand, a direct operation at present would be perceived very negatively both regionally and globally, and it would probably further accelerate the balancing behaviour of the regional countries and push even those with previously moderate stances closer to a cooperation with the USA and other countries offering guarantees. This would probably also have negative implications for the international image of China.

The Summary and the Argument

Arguably, China's geopolitical position is more complicated than, for example, that of the USA. It is much more difficult for China to grow to a regionally uncontested position. Thanks to the rapid increase of its military capabilities in relative terms, China improved its importance in the regional international system. However, growing security worries have led other countries to balance and hedge against China. This was not as obvious during the 2000s, when China restrained itself during its dealing with disputes and other issues. Since 2009, however, the regional countries started to perceive the growing Chinese assertiveness, and this led them to fostering closer partnerships with external countries and between each other. The result is that even though China is now more important in the region than it was 10 or 20 years ago, it faces a more united opposition. Moreover, taking into account relevant economic, military, and geographic factors, China will most likely never be able to sufficiently balance the rest of the region (aided by the USA) alone.

[11]The observation was made already at the end of the first term by Ali (2014).

The examples of Chinese assertive policies in the SCS show no signs that the geopolitics would have aided China in any way. Quite to the contrary, the point can be made that it is the geopolitics which still keeps China relatively restrained. Technically speaking, China has been for a long time perfectly capable of getting under its control most of the posts occupied by other countries. This is most apparent in the case of the Philippines at the Second Thomas Shoal. Similarly, with regard to the oil activities, there is little which would keep China from engaging in even more assertive behaviour similar to that of deploying its oil rig in the waters claimed by Vietnam, besides the structural factors (and possibly the lack of actual business opportunities). Geopolitics has been one of the main limiting factors of China.

5.3 Geo-economics

China's position in the international economic system is mainly a function of its economy and its relations with the rest of the world. Comparing China's economic position in the region today and 20 years ago, the Chinese importance measured as the Chinese share of the 13 involved countries' overall product increased markedly from 4% to 25%.[12] This increase has been mainly at the expense of Japan and, only partly, the USA. While the USA share dropped relatively mildly from 49% to 42%, Japan's share dropped from 33% in 1994 to 11% in 2014 (Fig. 5.3). China is today regularly regarded as the country which cannot be overlooked due to its economic size.[13] However, China's economic share in 2014 was still smaller than the share of Japan 20 years before. Similarly, the size of the US economy (as well as the economy of the European Union, which is not listed here) makes it still crucially important in the regional context.

Geo-economically, it is in China's interest to have other countries being more dependent on China than vice versa. This asymmetric relation can give China a tool for achieving political goals via economic means.[14] This can be a way out of the contradiction for the Chinese government, which has to appeal to its increasingly nationalistic population while at the same time preserving a stable international environment (Turcsányi 2016). Concepts of sensitivity and vulnerability are particularly relevant here. With regard to the sensitivity, the trading ratios of China and its opponents in the SCS dispute will be analysed here. To study China's vulnerability, the ability to respond to outside shocks without being badly affected domestically will be discussed (Keohane and Nye 1988).

[12]It is more relevant to take nominal values into account in the international case, since the international markets are valued in international currencies, mostly in USD.

[13]Some go further than that and exaggerate China's economic position in the international system; see Jacques (2012).

[14]The idea of using economy to achieve political goals is not new and has been in the international economy discipline at least since the publication of Albert Hirschman's seminal work *National Power and the Structure of Foreign Trade* in 1945 (Hirschman 1980).

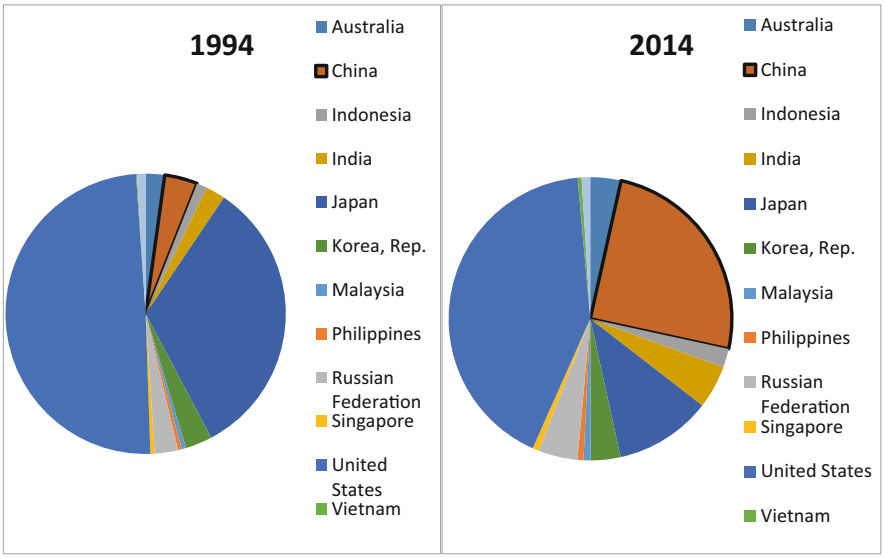

Fig. 5.3 GDP (nominal value) composition in the Indo-Pacific. Source: World Bank

A natural starting point[15] for studying the sensitivity of a country in international economics is the trade openness index (OECD 2015), which shows the ratio of the country's combined exports and imports per GDP. The higher the rate, the more sensitive the country is to international trade. From Fig. 5.4 we can see that China currently trades more than 40% of its GDP, yet in the years before the global financial crisis, the index was more than 60%, meaning that China's sensitivity to international trade has been decreasing for almost a decade. However, China's economy is still considerably more dependent on international trade than that of the USA or Japan. On the other hand, smaller countries such as South Korea, Vietnam, Malaysia, or Thailand are significantly more dependent on international trade, and their index values in some cases surpass 100%. An interesting case is the Philippines, which, although considerably smaller than China, is only slightly more dependent on international trade, and its index has been also decreasing since the Asian financial crisis in 1997.

China is with about 12% share of ASEAN exports and more than 17% share of ASAEAN imports the most important external[16] trading partner for ASEAN as a whole and most of its individual member countries, and also for Japan, and Korea, among others (Asian Development Bank 2015). This is a significant change when the current situation is compared to the early 1990s, when Chinese shares in

[15]Discussion about changing economic relations of China and the USA with the regional middle powers is offered by Fels (2017).

[16]ASEAN countries still trade much more among themselves, about 25% in both exports and imports.

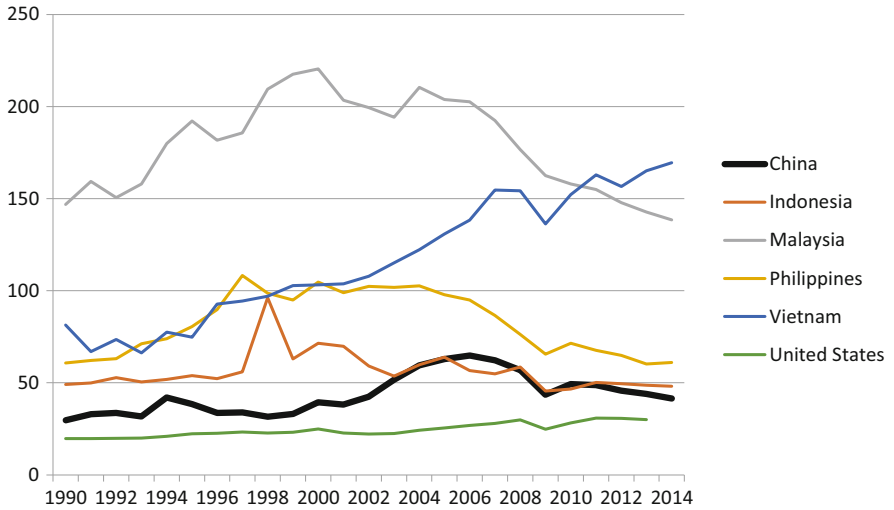

Fig. 5.4 Trade openness index (Only China and its principal opponents in the SCS are listed in this table for better orientation. Singapore, for example, which is not listed here, has a trade openness index higher than 300). Source: World Bank

ASEAN exports and imports were less than 5% (Asian Development Bank 2015). China was the only country rapidly increasing its trade position with all the regional partners during the examined period, and the growth of Chinese shares in ASEAN's trade was achieved primarily at the expense of Japan, the USA, and the EU. In the years before the outburst of the global financial crisis, China had been increasing its presence and influence in ASEAN, yet the EU, Japan, and the USA were still the leading economic partners for the region. There is a further clear rise of China's share in ASEAN imports after 2010, when the ASEAN-China FTA came into force.

While this sounds impressive, China's current economic position in East Asia is far from being uncontested. In most cases its trading share is not dramatically larger than those of the USA, the EU, and Japan. There also might be doubts about how essential China is for the Asian (and other) countries in terms of trade and global value chains. It is no secret that China still mainly serves as a final assembly line with little added value, and thus its main comparative advantage, that of low labour costs, has been exploited (Kroeber 2016, pp. 237–240; see also World Trade Organization 2011). While the Chinese government is aware of that and it tries its best to climb up the value chain, it might be at the same time losing some contracts to other low income countries, such as Vietnam, Cambodia, Myanmar, and others (Deloitte 2013; The Economist 2012). The volume of China's exports should not be exaggerated in terms of its leverage over other countries.

The rise of China's position has taken place generally during the same time as the regional institutional development, i.e. during the 1990s and 2000s, when in both cases China's shares in regional trade and the regional institutional framework boomed. More particularly, the curve of China's share in ASEAN imports seems to

suggest the supporting role of the ASEAN-China FTA, which was signed in 2002 and took effect in 2010 (in the largest ASEAN economies), when Chinese exports also bounced. It seems likely that the Chinese involvement in the regional institutions contributed positively to this development. In particular, the institutional interaction signalled to the regional partners China's goodwill and intentions of future peaceful interaction, prompting them to preserve the stable regional environment and willingly enter into a cooperation with China (Yee 2011; Wibowo 2009; Yahuda 2008). In this case the ASEAN-China FTA, the only major FTA already applied in the region, was instrumental not only from the technical point of view but also as a signal of China's intentions.

Moving on to analyse how this development affected the East Asian states' *vulnerability* to external shocks, China has not scored badly in this respect at all. The two most significant economic shocks in the region—the 1997 Asian Financial Crisis and the 2008 Global Crisis—have not derailed the impressive Chinese growth. The Chinese resilience after the outburst of the global crisis in 2008 was quite notable, although the economy slowed down in the short and medium terms, though still remaining impressively high. The Chinese government managed to boost the aggregate demand, which was affected by the collapse of the export markets and by increasing domestic investments (Lardy 2012). This way the economy survived the crisis with only a minor slowdown and avoided a 'hard landing'. Nevertheless, since the financial crisis, the Chinese GDP growth has been slowing down constantly, and there are question marks about the Chinese economy in the future.[17] Yet, overall, the track record of the Chinese economy in terms of its vulnerability is relatively positive, even though the country has been quite sensitive to the international economy. Compared to China, Vietnam showed even less vulnerability to the external shocks, although its long-term growth has been a few percentiles below China's. The Philippines, on the other hand, showed a high vulnerability during the two events—in both 1997 and 2008 it was one of the countries with the steepest falls in their growth rates (Fig. 5.5).

On the other hand, China already influences other countries' economies and this is related more to its purchasing power than to its exports. Chinese shares of worldwide purchases of various items reach impressive numbers, and any slowdown in China would translate into a fall of the demand for these articles. An especially well-known example is natural resources, of which China is the world's major buyer, and the slowing down of the Chinese economy has already been a factor in low commodity prices in recent years (Jacques 2012). Another example is luxury products. As a telling example, it has been documented that the recent anti-corruption campaign of Chinese President Xi Jinping led to lower sales of some major global luxury brands (Qian and Wen 2015).

[17]The future might bring a new perspective about how successful the Chinese strategy of coping with the global financial crisis has been. If China avoids a hard landing, the strategy will arguably prove to be successful. However, if the economy eventually gets in trouble, the strategy of boosting domestic demands by major infrastructure investments might be blamed for that.

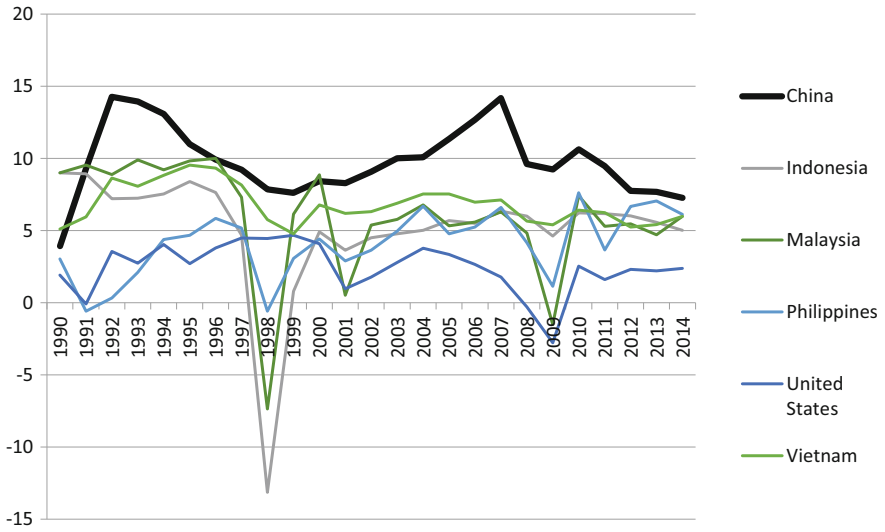

Fig. 5.5 GDP growth. Source: World Bank

China's assertive policies give two examples which show signs of China utilizing its geo-economic position—the case of the economic sanctions against the Philippines during the Scarborough Shoal stand-off in 2012 and the case of diplomatic pressure against the international oil companies in Vietnam in the 2000s. The Philippines faced Chinese economic sanction during the Scarborough Shoal stand-off, which took place between March and June 2012. During the stand-off, China introduced at least two measures of economic pressure on the Philippines—it issued a security warning to its citizens dissuading them from travelling to the country, and it halted imports of Filipino bananas with stated health concerns. After the withdrawal of the Filipino boats, the imports of bananas were allowed again in China and soon afterwards they reached a higher share of the Chinese market than before the crisis.

The data on the banana trade between China and the Philippines show (Fig. 5.6) that at the time of the sanctions, China represented about 18% of the Filipino banana exports (according to the 2011 level, which was the last time this figure was calculated before the stand-off) (Zachrisen 2015, pp. 88–90). This was the largest share of Filipino banana exports that China enjoyed, although it was not the largest amount. From the perspective of the power position of China, it can be stated that at the time of using the application of the sanctions China was indeed in its best position during the years in question. At the same time, it is hard to make the case that only the position of China in 2012 was sufficient for its use of economic pressure—it is likely that a comparable impact could have been achieved in previous years. Moreover, the use of sanctions was not the trigger of the stand-off, and therefore the geo-economic power China held vis-à-vis the Philippines can hardly be seen as the trigger of the action. A similar situation can be observed in the

Fig. 5.6 The China-Philippines banana trade. Source: International Trade Center (in Zachrisen)

case of the tourist ban which resulted in a short-term fall of Chinese tourist visits to the Philippines. The number of Chinese tourists in the Philippines in 2012, while continuously growing, was hardly comparable to the numbers for previous years—there was only about a 3% growth in 2012, compared to a 30% growth in 2011 (Zachrisen 2015, pp. 93–95). To conclude, in neither of the cases in which China utilized its geo-economic position did it use its newly acquired power. The tools China used can be regarded as a constant in the medium term.

The Summary and the Argument

It was documented that China has distinctly improved its geo-economic position in East Asia since the 1990s. During the same period, China has also become more sensitive to external development, yet it has not proven to be vulnerable to the external shocks of the 1997 and 2008 crises. On the other hand, the rest of the region has become even more sensitive to China than vice versa. China is now the most important trading country in the region, and even though its shares are not strikingly outpacing those of Japan, the USA, or the EU, China certainly cannot be overlooked.

Interestingly, it was found that the purchasing power of China might be generally more useful than its exports when it comes to political means. This reveals the paradoxical nature of export-import relations between countries. Most countries strive to increase their exports as a means to boost the demand for their products and in this way benefit their own economies. At the same time, however, this creates a dependency on export markets, which can be potentially used as leverage against them.

However, no clear evidence has been found that the impressive aggregate numbers have been exploited by China. Instead, it is specific areas where China enjoys an extremely strong bilateral position which might offer an option to employ economic pressure on another country in case of a political need. This was the case

with China's assertive behaviour at Scarborough Shoal in 2012. Yet, there is evidence that the power China used was not newly acquired. Moreover, the economic tools were employed only after the event began, and they constituted only one of the assertive steps of China in this case.

5.4 Soft Power

The most straightforward way of establishing a country's soft power is to draw on a readily available soft power index. One such index was composed by Portland Communications with the title Soft Power 30, which lists 30 countries with ranks corresponding to their scores in seven categories—digital, culture, enterprise, engagement, education, government, and polling (of public trust) (Portland Communications 2016). The creator of the concept of soft power Joseph Nye called the Portland index '*the clearest picture to date of global soft power*' (Nye 2015, p. 7), giving the index solid authoritative value in comprehensive assessment of the soft power of involved countries.

Out of 30 analysed countries in the index, China ended up in the last place with an overall score of 40.85. Out of the seven categories, China got especially low marks in the government (30), digital (30), polling (29), and enterprise (24) categories. On the other hand it ranked 9th in culture, 10th in engagement, and 16th in education. Among the countries which ranked above China were the Czech Republic (27), Poland (24), South Korea (20), Singapore (21), Japan (8), Australia (6), the USA (3), Germany (2), and, in the first place, the UK with a score of 75.61. China's ranking in the list can be regarded as showing its relatively low soft power, especially when taking into account the country's vast economic resources and unique culture.

The second relevant soft power index is issued by the Institute for Government (McClory 2015), which focuses on five categories—those of education, diplomacy, government, culture, and business/innovation. China ranked 17th in the index with an overall score of 0.8, ahead of countries such as South Korea (19th), India (23rd), or Russia (26th). Some countries which scored better than China were Japan (15th), Singapore (13th), Australia (8th), the USA (3rd), and, in the first place, France with an overall score of 1.64 (McClory 2015, p. 5). Again, the position of China shows that the country's soft power is surprisingly below its economic and military position in the world, with much smaller countries overtaking China in terms of soft power.

In 2009 the Chicago Council of Global Affairs in partnership with Singapore's East Asian Institute published a highly relevant study on the soft power perceptions between the most important East Asian countries (Table 5.2) (Whitney and Shambaugh 2009). The study differentiated between political, cultural, diplomatic, economic, and human capital soft power, and by averaging the results it published the overall soft power perceptions between the countries of the region. The findings show that China is in the third position in every surveyed case. In contrast, in every

Table 5.2 Overall soft power perception

	US soft power	Chinese soft power	Japanese soft power	South Korean soft power
USA		.47 (3)	.67 (1)	.49 (2)
China	.71 (1)		.62 (3)	.65 (2)
Japan	.69 (1)	.51 (3)		.56 (2)
South Korea	.72 (1)	.55 (3)	.65 (2)	
Indonesia	.72 (2)	.70 (3)	.72 (1)	.63 (4)
Vietnam	.76 (2)	.74 (3)	.79 (1)	.73 (4)
Overall score (SPI)	69.6 (1)	56.3 (4)	66.2 (2)	58.5 (3)

Source: CCGA

country the USA enjoys the best soft power position. In the Southeast Asian countries, it is followed by Japan, and in China and Japan, it is followed by South Korea. Only in two Southeast Asian countries did China overtake South Korea. Overall, China's soft power index is the lowest from those of the four countries. The study also shows that there is a close cultural proximity between China and Southeast Asia and between Japan and the USA, while South Korea feels somewhat culturally removed from other countries (Lee 2011, p. 27).

To assess the development of China's soft power, there are other available sources which show the public opinions and views of China in other countries. The Pew Research Center and BBC World Service (in partnership with GlobeScan and PIPA) track how various countries see China, and both of these sources have data from at least the mid-2000s, making them well-fitted to be applied here to evaluate how China's soft power was developing in the years before and after its assertive shift.

The Pew Research Center (2015) measures whether the surveyed countries have favourable or unfavourable views of China. There are data for most of the relevant countries, although in the cases of Vietnam and the Philippines, there are data for only a few years. The main trends are, however, possible to establish. The average favourable view of China in 2015 is slightly lower than in 2002/2005 and the overall trend is decreasing. However, the decrease was interrupted by slight increases every second year. Most recently, the rate of favourable views in 2015 increased considerably compared to the previous year, and it is now roughly at the level of the year 2011. China has the least favourable image in Japan, where it fell to below 10% in the years 2013–2015 from 55% in 2002; and in Vietnam its rating is 16% (for Vietnam, however, corresponding figures for other years are not available for comparison). The rating of China in the USA is in the third place, but with a much higher share of favourable views (38%), and this figure is followed closely by the one for India (41%). The Philippines' data show a relatively steep increase in 2015 to 54% compared to the previous year (38%), although the rating is still less favourable than the one from 2002 (63%). Finally, Russia, Malaysia, Indonesia, and South Korea have relatively high rates of favourable views of China.

The Pew Research Center data does not support the interpretation that China would be more powerful from the perspective of soft power before the shift to assertive policies began after 2008. In fact, the data are in most cases quite stable, with the notable exception of Japan, which experienced the most rapid fall in its view of China from all the listed countries after 2011 (possibly in reaction to the 2010 Diaoyu/Senkaku incident and the growing tensions in the bilateral relations). It is particularly interesting to note the increases in Chinese soft power in almost all the countries (including Japan, the Philippines, Vietnam, and the USA) in 2015, the most recent assertive behaviour of China notwithstanding. Similarly, their favourable view of China decreased substantially in 2008—before the assertive China narrative was kicked off—and then it increased moderately in 2010–2011, i.e. in the years when the narrative was developing (Fig. 5.7).

The second essential source for measuring China's soft power is the BBC World Service polls which show annual data for how various countries see the Chinese influence and list the shares of the respondents answering that it is 'mainly positive'. The BBC World Service average data does not show any clear trend in this regard, with the figures from the most recent poll (from 2014) being roughly at the level of those from the oldest available poll (from 2005). In the meantime, the worst perception of China on average was in 2013, and the best was in 2011.

In findings that are similar to the data from the Pew Research Center, out of the examined countries in 2014, Japan has by far the least positive view of China, with less than 10% of its respondents seeing the Chinese influence as a mainly positive thing. The USA has the second most negative view of the Chinese influence (with 25% of its respondents having a mainly positive view of it), though it is still a much more positive view than that of Japan, and South Korea is in the third place (32%).

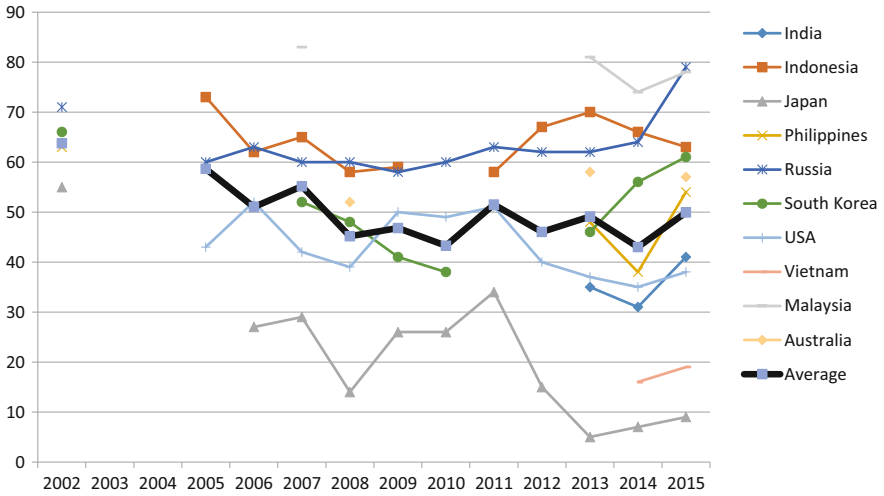

Fig. 5.7 Opinion of China: 'Do you have favourable or unfavourable views of China?' (% of respondents having favourable views). Source: Pew Research Center (2016)

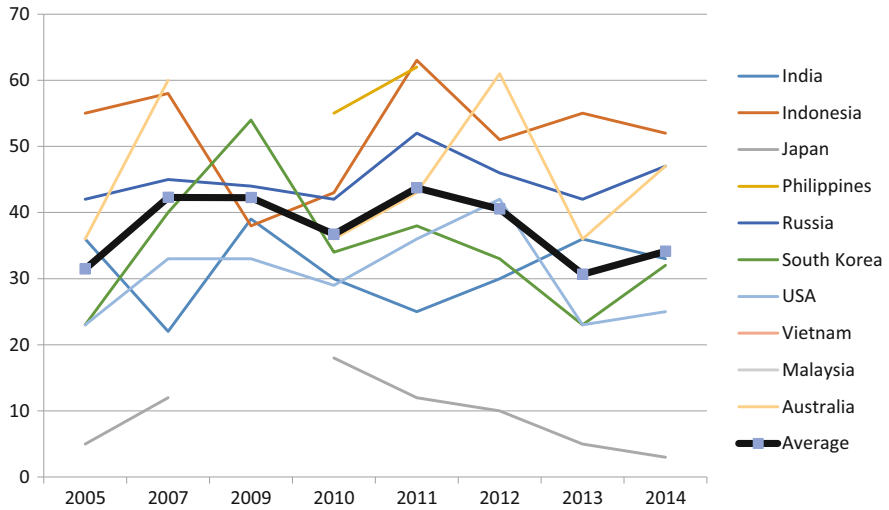

Fig. 5.8 Views of China's influence (% responding that their view of it is mainly positive). Source: BBC World Service

The BBC's question, which was slightly different than that of the Pew Research Center, might be responsible for the less positive data in the case of South Korea, which, as the country in near proximity to China, might be more sensitive particularly about its influence. Indonesia, Russia, and Australia are found to have the most positive views of China, although their fluctuation in their views is quite significant in the surveyed years (Fig. 5.8).

The two sources discussed above are listing only the data from the 2000s onwards. Unfortunately, no data for any longer period is available for all the relevant countries. However, Gallup lists the development of the US perception of China since the 1980s (Fig. 5.9). It can be seen that the perception has been relatively unchanged since the 1990s, after it fell sharply after the 1989 Tiananmen incident. The data from Gallup suggests that even in the long-term perspective, no considerable change of the Chinese soft power occurred, at least in the case of the USA, which, however, was found to be close to the average perception of China of the relevant countries in the Pew Research Center and BBC World Service polls.

Moving on beyond the quantitative data, David Kang (2007, 2012) presented an outlook of the region in which China is traditionally perceived as a benign power with vivid and generally positive memories of the centuries of the hierarchical Sino-centric order, in which China was dominant not by military standards, but economically, culturally, and technologically. This image should, according to Kang, create incentives for other countries to bandwagon with China and thus share benefits with it rather than balance against it.

The relatively positive picture of China which Kang paints is hardly a consensus. Looking at the countries most affected by China in the SCS, Robert Kaplan, in his recent book devoted to the geopolitics of the SCS *Asia's Cauldron*, brought

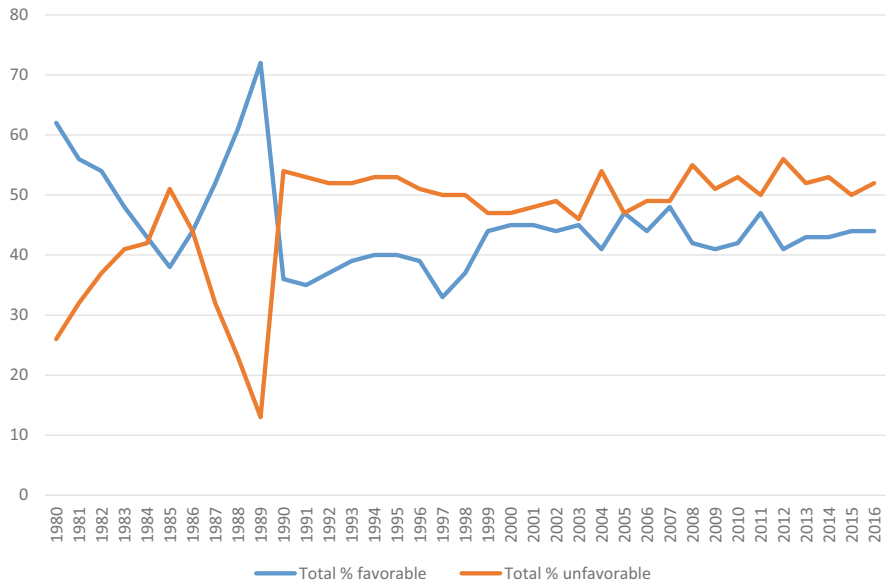

Fig. 5.9 Historical perception of China in the USA. Source: Gallup (2016)

excellent insights into their strategic assessment and perception of China (Kaplan 2015). Kaplan shows particularly well how deep anti-Chinese sentiments go in Vietnam, where a modern national identity is wrapped around the notion of struggling against China throughout the ages. The current tensions in the SCS are the last from a long row of frontier disputes between the two countries.

For the Philippines, on the other hand, the disputes with China are relatively new and, indeed, the Mischief Reef incident in 1995 came as a shock. The Philippines has its own historical experience with an ethnic Chinese minority, but its specific historical experience with being the only Spanish and then American colony in Asia created a different framework under which its ethnic Chinese became more assimilated than those in other Southeast Asian countries (Wickberg 2001). In effect, there are only limited anti-Chinese sentiments in the Philippines which would stem from the domestic socio-economic situation, such as those in Indonesia and Malaysia (see below). This might explain the somewhat surprisingly high levels of favourable views of China in the Philippines notwithstanding the problematic political relations. On the other hand, however, the Philippines also has a highly positive view of the USA—according to the Pew Research Center, it is the best in the world out of those of all the surveyed countries (Pew Research Center 2015).

Malaysia and Indonesia are two countries which are found to be, according to the cited surveys, more positive than most others in their views of China. In reality, however, their views of China and the Chinese people are complex. Ethnic Chinese form a considerable and economically very influential minority in both of them, and

their relations with the (ethnically) Malay populations have not always been positive (Freedman 2000). Indonesia saw major anti-China riots in 1998 (Purdey 2007), and Malaysia in 1969, and the ethnic anti-Chinese sentiments are still present and surface at times (Su-Lyn 2015). On the other hand, during the times of Mao, China actively supported local communist forces in these countries in what was effectively an attempt at exporting the Chinese revolutionary political system (Garver 2016, pp. 196–231; Westad 2015). The complex histories of interstate and intersociety relations between China and other Asian countries (in this case particularly in Southeast Asia—but the same could be said about other border regions of China) make China's starting position in its soft power quest rather problematic.

To conclude,[18] the Chinese government has not managed to keep up the positive image of China internationally. In the West, China is often viewed through the prism of its authoritative political system and it is criticized for its human rights approach. It is very difficult for China to cover its problems in this area, although the lasting economic success is clearly a benefiting factor. However, the international behaviour of China serves as another factor which contributes to its relative negative image. This has considerable impact in terms of the regional countries, which also often have distinct and complex experiences with China.

For about a decade or so, China was trying to improve its image internationally in what Kurlantzik called its 'charm offensive' (Kurlantzik 2007) and Tao Xie a 'soft power obsession' (Tao 2015). For some time, China's combined effort of maintaining a low profile posture regarding some problematic issues, its active presentation of itself abroad, and its continuous economic rise was said to deliver results that led to an improved image of it. However, the perceived assertive shift in Chinese foreign policy around the year 2010 destroyed most of it.

The Summary and the Argument

It was found that China's soft power is not strong. China lags significantly behind the USA, but also Japan and South Korea, and globally it is overtaken by much smaller countries. Quantitatively, the Chinese image has decreased during the 2000s and early 2010s, although the decrease was, with the exception of its decrease in Japan, not rapid or uninterrupted. It might even seem surprising that the positivity of the view of China's image in the data did not decrease more since the assertive discourse and China's assertive behaviour started. This shows that the level of positive/favourable views of China is not linked entirely to the political development, perhaps with the exception of Japan, where the positive/favourable views of China collapsed after the tensions started to increase after 2010 and then remained very low. In all the remaining cases, the view of China seemingly fluctuated irrespectively to whether the country experienced tensions in the bilateral relations with China or not.

Overall, China's soft power can be regarded as one of China's problematic areas of power sources, and it is likely that the low level of China's soft power contributes

[18]Discussion about perception of China and the USA in the regional middle powers is offered by Fels (2017).

also to its problematic geopolitical position. China has been interested in developing its soft power by conducting various public diplomacy activities, although none of them seem to result in considerable positive effects. This shows that the Chinese government perhaps views the low level of the image of China internationally as a problem. The data on China's soft power does not support the theory that China would be more powerful at the beginning of its assertive shift (e.g. as a result of the charm offensive in the previous decade). Quite the opposite: the low level of the soft power and the relative considerations for this source of power on the side of China might have contributed to restraints of China's policies, together with worries about a worsening of the geopolitical position.

5.5 Legitimacy

For many in the West, it is surprising to find that according to various researches Chinese citizens are among the peoples most satisfied with their government in the world.[19] This is not because they cannot express themselves freely, as some might argue, but it reflects the successful national performance of the Chinese government in the previous decades, especially in terms of the economic development, which raised the living standards in China immensely (Ross 2011). Yet, the government has to cope with non-material factors as well, and in circumstances in which the communist ideology became to a large extent outdated, nationalism became the leading ideology of the state, although the state is still ruled by the Communist Party (Cabestan 2005; Darr 2011).

There are some interesting quantifiable data showing the rates of satisfaction of the Chinese public with the government, which can be likened to its legitimacy. According to the Pew Research Center (2015), the rate of Chinese people saying they are overall satisfied with the way things are going in their country grew from the 2002 level of 48% to 87% in the year 2014. Even more people in China are currently satisfied with the economic situation in the country (89%) and the Chinese president (who has a confidence rate of 92%) (Fig. 5.10). These outcomes are the best from those for all the countries surveyed, and it is generally agreed that the Chinese government enjoys (for some people surprisingly) high levels of legitimacy among its people.

Tony Saich (2012) presents some more evidence according to which the satisfaction rate for the government performance in China has been relatively stable with some overall increase between 2003 and 2011 on each of the four examined levels of central, provincial, district and township governments. Interestingly, the closer the level is to the people, the lower the satisfaction rate. Hence, while the central government has enjoyed a satisfaction rate of 80–90%, the township governments' satisfaction rate grew during the period from about 40% to 60%.

[19]Besides the sources discussed below, see also Saich (2014), Wenfang et al. (2013).

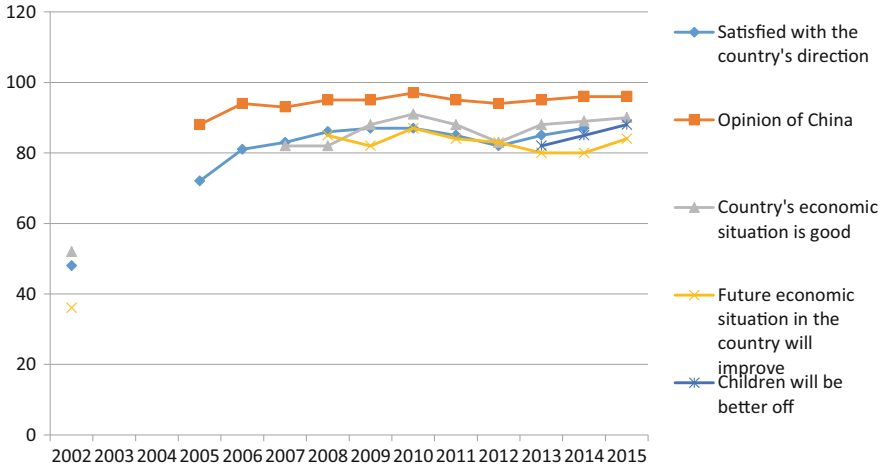

Fig. 5.10 Chinese public opinion responses regarding the country's conditions. Source: Pew Research Center

The positive overall perception of the government does not mean that Chinese people do not see any governance problems. According to available surveys, some issues have been seen as a 'very big problem' by respondents in China. Environmental issues, corruption, questions of safety standards, inequalities, and other largely pragmatic issues ranked high in this regard. Interestingly, the overall trend since 2012 has been a decreasing amount of respondents identifying the issues as 'very big problems' (Fig. 5.11). This would point to an increasing legitimacy of the government among the population, based on the improved national performance.

For the specific issue of the SCS, it is useful to look at the findings of Andrew Chubb (2014), as his research is a rare example of a public survey in China asking about people's satisfaction with the government actions in the SCS. According to his research, most respondents are satisfied with the government's handling of the dispute, with only 7% claiming that the government failed (or was 'disastrous') in the SCS. The research also recognizes who the dissatisfied people are—most often they are urban high-income residents who are relatively attentive to the news and occasionally get it from the Internet. On the other hand, in general, the more attention respondents paid to the issue, the more likely they were to give the government a positive rating. Those getting information about the issue from online sources tend to be more critical of government actions than those getting most of their information from the TV or print media.

Another interesting assertion is that while internationally Chinese actions are perceived as assertive, domestically the Chinese government is often criticized for being 'soft' in foreign policy. While the prevailing sentiment published regularly on the Chinese Internet is relatively critical towards the government, people do not

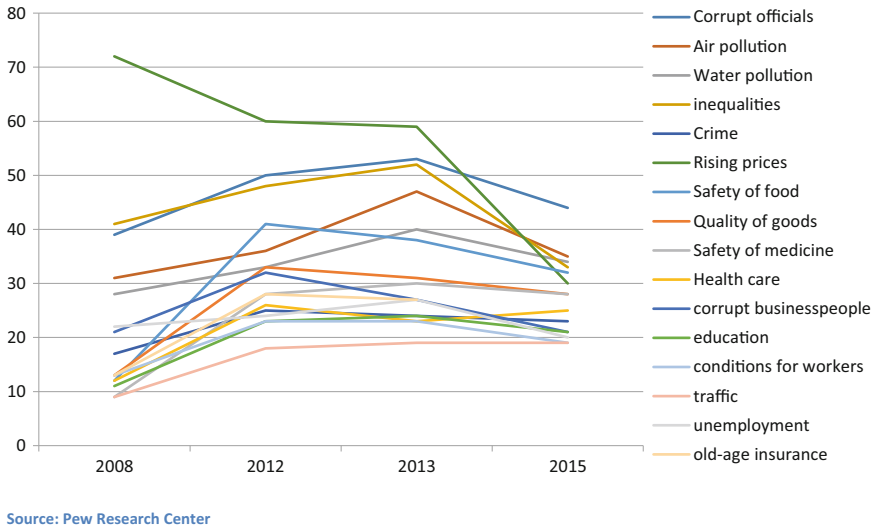

Fig. 5.11 Chinese public concerns (% of respondents saying the issue is a very big problem). Source: Pew Research Center

seem to share this critical assessment. However, all of the respondents who held feelings of strong dissatisfaction towards the government's handling of the dispute did so based on the perception of the government as being too weak, not the other way around. This view is different from the positive views of respondents who praise the government for its determination in safeguarding the Chinese sovereignty and for avoiding confrontation (Chubb 2014).

The Summary and the Argument

The available data showing the very high level of Chinese public satisfaction with the governance of the country suggests that the Chinese government enjoys a respectfully high level of legitimacy among its people. The satisfaction rate of the Chinese public increased during the 2000s to reach extraordinary levels at the end of the decade and the beginning of the 2010s. The Chinese public tend to see more immediate state administrations in a more critical light while being overwhelmingly satisfied with the higher levels of the government, including the central government. However, the rate of satisfaction with the lower levels of the government has grown as well. The data also show that the issues which were seen by the Chinese public as 'very big problems' have been showing improvement since 2012.

In particular, with regard to the South China Sea dispute, the available data shows that the public was overwhelmingly satisfied with the government conduct. Although a small minority criticized the government for being too soft on this issue, the majority was satisfied with it, citing the ability of the government to defend national interests and avoid confrontation. This high level of public support can be interpreted as giving the government comfortable operational freedom. At the same

time, there is no indication that the public support would have any direct impact on the government's conduct. Similarly, no public protests were staged in support or against government policies in this case (unlike in the case of the East China Sea).

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Chapter 6
Theories of Chinese Assertiveness in the South China Sea

6.1 Main Hypothesis: China's Power and Assertive Policies in the SCS

Let us conclude the lessons learnt from the assessment of China's sources of power. There is little doubt that China's military and economic sources of power have increased. Similarly, the much larger and more developed economy of China and its interactions with other regional and global partners create relations of asymmetric dependence favouring China, hence improving its geoeconomic position. China's national performance and domestic legitimacy are the sources of its power where no major shift has been happening during the previous two decades, but steady improvements can be noticed in the long term and also most recently in the short term. The institutional setting can be regarded by China as another favourable source of its power. All of these three sources of power (the institutional setting, national performance, and domestic legitimacy) are stabilized at a level at which they do not limit the Chinese government in its behaviour. Quite the opposite, to varying degrees all three can be regarded as positively contributing to China's overall power.

Two sources of power in which China is limited and, during previous years, its power decreased are soft power and, in particular, geopolitics. China's increasing military abilities combined with the international perception of China as being too assertive led to some balancing behaviour in the region against China. In effect, China has increased its military and economic presence in the region, but the regional environment became more hostile towards China. China's soft power also took a downturn from its already not very positive previous level, but the shift here has been arguably less significant than the shift in the geopolitics (Table 6.1).

Looking back at the examples that were found to constitute Chinese assertiveness in the SCS, it was discussed in relevant places of the book how the specific sources of power were employed in driving Chinese assertive actions. From the events which were labelled as assertive, four sources of power have been found to play major roles. Most of the cases required various levels of dispatching military

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Table 6.1 Summary of China's sources of power dynamics

Increasing sources of China's power	Economy, military, geo-economics
Stabilized/moderately increasing sources of China's power	Institutional setting, national performance, domestic legitimacy
Decreasing and problematic sources of China's power	Soft power, geopolitics

Source: Own analysis

(or paramilitary) forces which either played the leading role in the assertive behaviour (e.g. the Scarborough Shoal and Second Thomas Shoal stand-offs, the cable-cutting incidents) or provided necessary protection (e.g. the oil rig, the reclamation and construction works, the militarization of the SCS outposts). In the case of Scarborough Shoal in 2012, after the escalation of the stand-off, China utilized its geo-economic position vis-à-vis the Philippines and employed economic sanctions. Although these actions were mostly symbolic, they probably helped China to achieve what it wanted—to get the disputed territory under its control.

The economy has indirectly been essential in every observed action of China in the SCS for creating a sufficient base for other sources of power, including the military one. However, the technology development played crucial direct roles in at least two events—the oil rig incident in 2014 and the reclamation activities starting in 2014. In the oil rig case, the deep sea operational capabilities were essential for China to be technically capable of the action. Obviously, China had to have the platform, which was operationally capable since 2012 and was the largest oil-drilling platform of China at the time. In the reclamation activities, China relied on its dredging capabilities, which improved significantly during the 2000s, and by 2010 China had the third largest dredging vessel in the world under its command.

China's national performance has been relatively stable, although some increases in it have been noted since 2013. An event with a direct implication for the SCS behaviour was the unification of the China Coast Guard, meaning that since 2013/2014, the paramilitary law enforcement vessels have been under the centralized command of Beijing. This likely made the protection of the oil rig in 2014 and the protection of Chinese outposts since then less operationally demanding. However, China could coordinate similar amounts of paramilitary vessels even before the unification reform and its implementation.

Other areas of China's sources of power have helped in the SCS in one way or another, but they were not of immediate or primary importance. The lack of viable institutional mechanisms within the institutional setting to address the events and put limits on China's behaviour has been advantageous to China. On the other hand, the lack of effective national performance in China's opponents' societies—perhaps mostly in the case of the Philippines—allowed China to go on with its policies without a strong operational response (Table 6.2).

This is the place to answer the question whether the assertive behaviour of China since 2011 has been driven by a power shift—namely, by China's newly increased power. From among the four sources of power which were found to be instrumental

Table 6.2 Chinese assertive actions and instrumental sources of power

Chinese action	Time of occurrence	Utilized sources of power
The cable-cutting incidents	2011–2012	Military, economy
The Scarborough Shoal stand-off	2012	Military, economy, geo-economics
The Second Thomas Shoal stand-off	Since 2013	Military, economy
The oil rig incident	2014	Economy, military, national performance
Land reclamation, constructions, and militarization of the SCS outposts	Since 2014	Economy, military

Source: Own analysis

in allowing the assertive behaviour of China, all increased during the previous two decades. The 2008 financial crisis accelerated China's economic catching up with the USA, and as of 2010 the military expenditures of the USA started to decrease; hence, the gap between China and the USA also started to narrow down much faster than previously.

However, a persuasive case can be made that a major watershed in China's power was achieved in only two instances at the end of the 2000s and the beginning of the 2010s, and only in one instance did China conduct an assertive action immediately after acquiring the power to do so. The latter is the case of the oil rig incident in 2014. China reached deep water capabilities only in 2012, and the implementation of the coast guard reform took place only in that year. Moreover, the event has been labelled as assertive, hence implying that it was not a direct reaction to any external development. In the case of the reclamation activities, China's capabilities, including its most capable dredger, have been available since 2010. The gap between acquiring the capability and the actual policy can be regarded as sufficient to disprove the idea that China would start the action immediately after being capable of it. In all the remaining cases of Chinese assertiveness, no clear argument can be made that the newly acquired power would drive China's behaviour.

The military might of the USA is still superior to that of China, and China has still not reached a sufficient capability to have a reasonable chance to prevail over the USA if it chooses to get involved in a major military conflict in the SCS. The assertive policies of China and its forces which participated in the operations were not the cutting edge of Chinese military might, and China possessed the similar know-how that it used for decades.[1] Likewise, the large numbers of vessels participating in the operations were not a sudden increase in the Chinese naval fleet, since

[1]Consider that already in the 1970s, China managed to forcefully get under its control all the Paracel Islands from Vietnam, and then it carried out similar operations in the 1980s and early 1990s in the Spratly Islands. Arguably, these operations were, from the military perspective, even more sophisticated than those within the present assertive behaviour. For a superb description of the historical events, see Hayton (2014).

it has been shown that the Chinese naval rise took place mostly in the qualitative realm. On the other hand, the build-up of the paramilitary forces has been the new thing in China's policy, but, again, China could have chosen to use its navy for the same purpose.

The Summary and the Argument

The findings of this section, which builds on the assessment of China's power, show that the 'power shift' theory suggesting that China started to act assertively due to its increased power has some flaws. The power of China has been growing for a long time, including in the areas of those sources of power which have been employed during the instances of its assertive behaviour. However, the explanation for why China started to act assertively in recent times has in most cases little to do with sudden changes in its abilities. Most of the steps which China took recently were within its capacity for years and perhaps even decades beforehand. A notable exception is the deployment of the oil rig in 2014, which depended on technology acquired 2 years prior to the event at most, and it was protected by newly formed coast guard units. This case of assertiveness alone can be explained sufficiently by the 'power shift' theory. In all the remaining instances, additional explanations should be looked for.

6.2 The 'Twist' of the Main Hypothesis: Changed *Perception* of Power

Before moving to the actual alternative hypothesis 1, an additional avenue of the main hypothesis will be considered in line with the presented research framework. Analytical assessment of power and its general perception (by policy makers or other relevant groups of people) can and often do differ. Countries' policies are decided by humans in a time-constrained context based on imperfect information about the real world. The problem of misperception is present at every stage of the political process and so is the possibility of misunderstanding, misconduct, and influence of other potential irrational factors. In reality, it is not actual power which leads to actions of states—it is the perceptions of power (by leaders, decision makers, intelligence, etc.) which drive decisions. Obviously, assessing *perception* of power is even less straightforward than assessing actual power, which is already a daunting task, as was shown in previous chapters of this book. To produce a relevant finding, this section will firstly discuss available literature dealing with the topic of Chinese perception of its power, before moving to discuss a few available relevant primary sources.

6.2.1 *Literature on the Chinese Perception of the Distribution of Power*

There has been some research dealing directly and indirectly with the question of the Chinese perception of the distribution of power and the alleged power shift. Michael Swaine, in his already discussed early account of Chinese assertiveness, among other things, notes that the rhetoric of Chinese officials has changed so that it was 'brasher' in the late 2000s (Swaine 2010). The examples which Swaine cites include the unusually confident comments from Chinese Premier Wen Jiabao criticizing the USA for mismanaging its economy and President Hu Jintao's call on Chinese ambassadors to use China's power in a more influential way. In general Chinese analysts and press seem to agree that some events, especially those related to the 2008 global crisis, demonstrate the changing distribution of global power. China is seen as moving to the 'centre of the world stage'. A more active China which would stand firm in defending its core interests is seen as a natural outcome of this development (He and Feng 2012; Mierzejewski 2014).

Michael Swaine's (2011) research of the usage of the concept of 'core interests' in the official media (which can be regarded as an authoritative interpretation of the official position) shows well the change towards more confident rhetorical positions of the Chinese government from 2008 onwards. However, Swaine also mentions that this activity may have been provoked by a growing US presence in the region, which added to China's perception that its interests were threatened and hence required additional attention.

Michael Yahuda referred to Chinese foreign policy in the aftermath of the global financial crisis as 'triumphalism'. Yahuda cites as evidence of the shift in the Chinese perception the Party's Central Work Conference on Foreign Affairs in 2009, where the interpretation of Deng's foreign policy dictum was adjusted from the emphasis on 'keeping a low profile' to an emphasis on 'getting something accomplished'.[2] As Yahuda asserts, conciliatory gestures of President Obama, such as his call on China to address global problems, were perceived in China as evidence of a changing of the balance of power (Yahuda 2013, pp. 446–447). Yan Xuetong, in his article discussing the shift of Chinese foreign policy from keeping a low profile to striving for achievements, begins by unequivocally claiming that 'the year of 2010 was a turning point for China's international status and its relations with some countries related to East Asia' (Yan 2014, p. 153).

[2]The relevant part of Deng's advice is 'keep a low profile and strive for achievements' (韬光养晦, 有所作为, literally meaning 'hide brightness and cherish obscurity, have something done'). Hence, Deng's advice did not only advocate a 'low profile', as is often asserted, but it also mentioned a need for accomplishments. It is therefore not entirely correct to refer to the recent shift in Chinese foreign policy as an abandoning of Deng's advice; it is rather a change of its interpretation. See Chen and Wang (2011), for an outline of the domestic Chinese discussion about Deng's policy dictum.

What these accounts of changes in the Chinese perception and foreign policy conduct overlook is the level of 'continuity' (Qin 2014). In other words, the question is not so much about whether something changed or not in the Chinese perception—it clearly did—but about how significant this change was. Many officials, scholars, and other people in China continue to assert that China is still a relatively weak developing country, regardless of the fact that its power has been on the rise. The former State Councillor Dai Bingguo, who was at the time China's top foreign policy official, repeatedly conveyed the message that China's domestic problems are unparalleled and China must first of all focus on dealing with them (Dai 2010). Similarly a number of China's scholars emphasize China's weaknesses and domestic problems, which, in their opinion, make it much less fit for engaging in an overly activist foreign policy.[3]

Andrew Scobell (Scobell and Harold 2013, pp. 115–116), in his study of Chinese academic perceptions of the assertive shift, finds that what he calls the first wave of Chinese assertiveness (2008–early 2010) was spurred by the perception of the rising Chinese power and the feeling that the USA became more deferential to Beijing's interests while it was not willing to meet its commitments in East Asia. Scobell mentions that after the 2008 crisis, there was a debate in China on how this changed the distribution of power. The result of the domestic Chinese debate, according to Scobell's findings, was the finding that the USA was remarkably resilient, although a small vocal minority in China continued to assert that China's power might be nearing a power parity with the USA. The 2008 crisis intensified the voices in China speaking about the power shift, although they remained far from reaching a majority of the discourse. Overall, while many Chinese analysts believe that the US power is declining, the majority of scholars and professionals think that this decline is only gradual and that the USA will continue to be the world's only superpower for at least another decade.

6.2.2 *Primary Data on the Chinese Perception of the Distribution of Power*

The Pew Research Center has highly relevant data on how Chinese respondents (and also respondents in other surveyed countries) perceive the power of China. The two relevant questions ask whether China has already replaced or will eventually replace the USA as the world's leading superpower and what the world's leading economic power is. The datasets start only in the year 2008, and hence no comparison with previous years in this respect can be made. However, only 5% of the Chinese respondents saw China as already being the world's leading superpower in 2008, and this number grew only mildly to 8% in 2009. The results from subsequent years do not show a clear trend of growth in this regard. Similarly, there were no major increases of those who thought that China would eventually become the

[3] For example, Wang Jisi of Peking University and Jin Canrong of Renmin University, cited in Yan (2014, p. 157).

world's leading superpower—53% thought so in 2008 and 58% in 2009. In subsequent years this share even somewhat decreased.

In the economic realm, the Chinese respondents were much more confident, and their perception that China became the world's leading economic power in the years immediately after the global financial crisis rose relatively quickly from 21% in 2008 to 41% in 2009. After that, however, the share decreased and never surpassed the level of 2009, which shows that the optimism about the economic dimension was also relatively short lasting.

Looking at the perceptions of the US respondents, who were asked the same questions, in the same survey, the answers seem to be comparable to those of the Chinese respondents. Small shares of American respondents think that China has already become the world's leading superpower, and these shares were as stable as the corresponding shares among the Chinese respondents. Many more Americans think that China has already become the world's leading economic power, and this share was growing after the global financial crisis to surpass even the share of those who thought so in China, thus suggesting that there was exaggeration on the side of the Americans. In contrast, however, the US respondents did not share entirely the 'optimism' of their Chinese counterparts about the inevitability of China eventually becoming the world's leading superpower—fewer Americans than Chinese thought that China would reach this position in the future (Fig. 6.1).

The evidence of the existing change in the perception of the distribution of power in China is ambiguous. There are indications from official announcements and academic research suggesting that indeed the Chinese perceptions changed

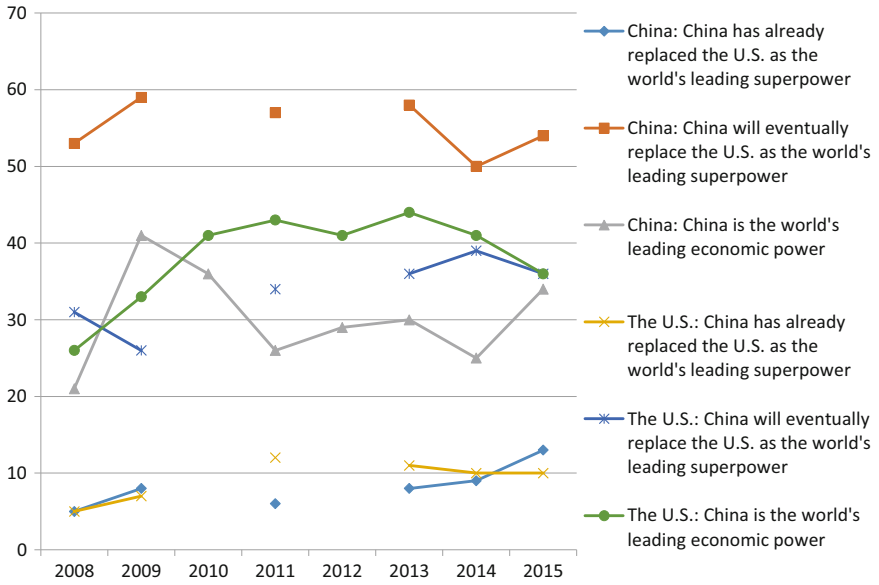

Fig. 6.1 Perceptions of China's power in China and the USA. Source: Pew Research Center

somewhat in the aftermath of the global financial crisis in 2008. On the other hand, there are also counterstatements emphasizing China's weaknesses, development status, and many internal problems. The only available quantitative source dealing with the issue which can shed light on this dispute is the Pew Research Center, and it seems to take the position of the latter camp. Only small shares of the Chinese public think that China already replaced the USA as the world's leading superpower, and little changed in this perception in the years immediately after the global financial crisis. The perception of China as a leading economic power is considerably more popular in China, and it also rose more quickly in 2009. Yet, it fell in subsequent years almost as quickly, resulting in a trend of this perception only moderately rising over the surveyed years.

It might seem that the international public opinion actually exaggerates China's power more than the Chinese respondents, who are probably better informed about China's limitations and weaknesses. The Pew Research Center found that in 23 out of 39 countries, a majority of respondents believed that China had already replaced or would replace the USA as the world's leading superpower. Their share increased in every country but one (Mexico) with the average rate increasing from 20% in 2008 to 34% in 2013. In the same period, the US share fell from 47 to 41% (Pew Research Center 2013).

The Summary and the Argument

To conclude the study of the Chinese perception of power, it is safe to assert that it increased somewhat immediately in the aftermath of the 2008 crisis and there was in general a growing trend in the subsequent years in China's perception of its own power. The quantitative and qualitative data indeed show that the 2008 crisis increased the Chinese perception of its power. However, it is also shown that even in the short period of 2008–2009, the increased perception was not very significant. The quantitative data show a rise from 5 to 8% of the respondents believing that China became a superpower, and the scholars at most *debated* the changed distribution of power. Furthermore, the perception of China's power seemed to decrease shortly afterwards, with the scholars concluding that in fact no major shift took place or would take place in the near future, and the quantitative data also showing a drop in those believing China already was the leading superpower. These accounts hardly show that a major shift in China's perception of the distribution of power took place during the assertive period.

In trying to find the link between the mildly changing perception of China's power and Chinese assertiveness, what should be remembered are the findings from Chap. 2. First of all, the actions which were found to be assertive only occurred since 2011. This goes contrary to the data on China's perception of its power, as the data would lead one to expect that the most assertive Chinese behaviour occurred in 2008 and 2009. Moreover, the descriptions of events show that in most cases, China reacted to some policies of other actors with its own policy adjustments (prior to 2011) or with reactive assertiveness (since 2011). It is therefore unlikely that a conscious decision to start acting assertively was taken at any point within the Chinese leadership. The presented data in this section also give little evidence that

the independent variable of the perception of the power shift was present in the period after 2008. On the other hand, the perception of China's growing power probably played a role in China taking the decisions to *react* assertively to events which it considered provocative. These findings significantly cut down the validity of the alternative hypothesis 1 and bring us closer to the alternative hypothesis 2, suggesting that the external development played some role in driving the Chinese assertiveness.

6.3 Alternative Hypothesis 1: The Influence of Other Actors' Actions

As was noted already, descriptions of the examples of assertive behaviour and policy adjustments show that certain international events played both direct and indirect roles in causing China's assertive actions. In the cases of policy adjustments from before 2011, the increasing Chinese law enforcement activity took place together with the increasing relevant activity of the other claimants, including growing fishing incursions and growing political assertions of sovereignty. China's pressure on oil companies and its sabotages of oil-related activities took place against the background of the growing attempts of most of the claimants to develop the resources in the disputed waters. The Chinese submission of the nine-dash line happened as a direct response to the concurrent submissions of Vietnam and Malaysia, besides not constituting any change in China's long-standing position.

These policy adjustments of China (which are not instances of Chinese assertiveness), which were driven by comparable adjustments on the sides of other claimants, took place during the end of the relatively stable and favourable international environment from China's perspective, starting at the end of the 1990s and lasting for most of the 2000s. This period can be labelled as China's period of low profile diplomacy (Kitano 2011; Zhang 2010). However, the growing instances of what was seen as the confrontational behaviour of China at the end of the 2000s arguably led to the growth of the threat perception among other claimants and Asian countries (Chen and Wang 2011).

6.3.1 The Indirect Trigger: The US Pivot to Asia

In January 2009, Barack Obama became the president of the USA, and from the beginning of his term, he started to signal that he would pay more attention to East Asia. He and some high-ranking officials from his administration paid a number of high-level visits there, including a 10-day multination visit of Obama in the region (White House 2009). The message throughout the region was that the USA is back and should be counted as a Pacific power. Domestically, the administration communicated

the will to refocus the foreign policy from the Middle East to the Asia-Pacific. Barack Obama even called himself 'the first Pacific President' (Wang and Yin 2013, p. 3).

The official pivot/rebalance to Asia was announced at the end of 2011 by the October article of Secretary of State Hillary Clinton in the journal *Foreign Policy* (Clinton 2011) and President Obama's November speech before the Australian Parliament (Obama 2011). Further official clarifying statements were delivered by the Defence Department's leading figures in the subsequent months (Berteau et al. 2014, pp. 3–6).

The goals of the Obama administration's East Asia policy, and in particular the pivot/rebalance strategy, have been defined to serve the goal of strengthening relations (strengthening the relations with existing alliances, deepening the partnerships with other countries, and building a constructive relationship with China), enhance the US military posture (including increasing the allocation of forces, strengthening capabilities, and developing relevant plans), empower regional institutions, expand economic ties, and promote democracy and human rights (Berteau et al. 2014, p. 15; Campbell and Andrews 2013).

From the very beginning of the pivot strategy, there have been discussions about the American intentions vis-à-vis China. The Obama administration repeatedly assured others that the pivot is not targeting China and is not exclusively about China (Kay 2013, pp. 11–13). At the same time, there are little doubts that China's rise, having major economic and security implications for the regional politics, is perhaps the main reason why the decision to 'pivot' was taken at the first place. In particular, the continuation of the regional growth is closely linked to the growth of China, which is becoming economically more important for the USA. On the other hand, the growing Chinese military is challenging the position the USA has enjoyed in the region, and it might affect the operational capabilities of the USA, including the freedom of navigation (Manyin et al. 2012, pp. 1–2).

A quantitative analysis of Chinese media reporting on the US policies in the region shows that the increasing of the US activity in East Asia, which has been continuously growing since the beginning of the Obama administration, started to be covered extensively in China at the end of 2011 and in early 2012 (Swaine 2015, p. 4). Interestingly, the labels Chinese media applied to the US policies were changing over time. From 2009 to 2011, the most popular label to describe the renewed US interest in the region was 'returning to Asia', with by far the most articles with this label being published in 2011. Interestingly, the label of 'pivot to Asia' received almost no attention in 2011 and only minor attention in 2012. At the same time, in 2012 the label 'strategic rebalancing to Asia' has been the most popular phrase in the Chinese media for describing the American policies in the region. However, from the years covered, it was 2011 which had more than twice as many articles featuring one of the three labels than any other year (Wang and Yin 2013, p. 5).

Moving on to the Chinese qualitative perception of the pivot policies, there is plenty of evidence that the official Chinese reaction to the pivot strategy has been restrained. There has been only lower-level official communication on the topic, which came mainly from the spokespersons of the Ministry of Foreign Affairs and the Ministry of Defence. Chinese officials did not reject or criticize the pivot publicly but expressed their appreciation for the *constructive* presence of the

USA in the region (Chen 2013, p. 52; Wang and Yin 2013; Saunders 2014, p. 16). On the other hand, it appears that what China means by 'constructive presence' is primarily the respect for China's (growing) interests, in particular its core interests. The American emphasis on the maritime issues, freedom of navigation, and the relevant disputes—such as those in the South and East China Seas—was clearly not regarded by China as a welcome area of American participation in the regional politics. There are accounts of the former chief foreign affairs official of China Dai Bingguo bluntly saying "Why don't you 'pivot' out of here?" to Secretary Clinton in a private conversation (Berteau et al. 2014, p. 33).

Semi-official and unofficial opinions voiced in Chinese media and elsewhere in China towards the American pivot were much more critical and less restrained than the official position. First of all, Chinese observers certainly saw it as the American response to China's rise. Zhu (2012) asserts that the US pivot is the American *hedge* vis-à-vis China; however, he explains that Chinese in general do not understand the idea of hedging and treat it as a sign of hostility. Zhu goes on to state that the pivot strategy poses a mounting pressure on China. In the domestic discourse, Zhu distinguishes five schools of thought regarding China's interaction with the world, and each supposedly reacts to the pivot differently—but also the pivot itself influences the relative importance of these schools in the domestic Chinese discourse. According to Zhu, the majority of the Chinese public and media fall within the nationalist and realist camps which are more suspicious about intentions of foreign powers and suggest that China should not compromise in its interests. On the other hand, most of the elite falls within the internationalist camp, and they see China and the foreign countries as essentially having similar objectives that could be best achieved by cooperating or at least not fighting against each other (Zhu 2012, pp. 7–8).

In Zhu's view there are two possible explanations for the US pivot—one having to do with the Chinese behaviour (which is turning 'assertive' and hence the USA is reacting to it) and the other linked to the USA's intentions to preserve its hegemony. The Chinese do not think that the pivot is merely the result of the Chinese behaviour. The belief that the USA wants to sustain its position in the region at the expense of China fuels the popularity of the Chinese nationalists and their version of the international politics and the position of China in the regional and global international system (Feng 2012, p. 9). Other Chinese and foreign authors studying Chinese perception of the pivot agree with this interpretation, namely, that the pivot is perceived in China as worsening the strategic environment of China and that it eventually strengthened those voices that view the USA with suspicions (Chen 2013; Wang and Yin 2013; Saunders 2014; Swaine 2015).

To sum up, the pivot to Asia has been viewed largely negatively in China with most sources seeing the US strategy as somewhat related to China's growing power. More hard-line segments of the Chinese foreign policy discourse came close to calling it a new instance of containment of China and an attempt to discontinue its rise. While the position of the government has been more conciliatory, it is clear that the overall Chinese assessment of the pivot has been that it is unfavourable for China, and the pivot further strengthened those voices in China calling for more 'assertive' policies of China. In fact, when evaluating the results of the

pivot strategy from the American perspective, the negative reception in China might be regarded as perhaps its biggest failure, considering that one of the pivot's goals was building constructive relations with China (Moss 2013).

The US pivot to Asia can be regarded as an indirect cause of China being more willing and likely to conduct policies that it believed would improve its strategic position and put it ahead of the possible heightened strategic competition after the official announcement of the pivot in 2011. The attempts to occupy Scarborough Shoal and the Second Thomas Shoal and especially the attempts to establish much improved positions by constructing artificial islands and military outposts have a different nature than the Chinese actions from before the announcements of the pivot. The available analyses of the Chinese perception of the pivot and the timing of the Chinese assertive actions and the pivot kick-off support this explanation.

6.3.2 Direct Triggers: Actions of Other Claimants

Besides the indirect role of the changed strategic environment from the Chinese perspective, most instances of China acting assertively were coded as 'reactive' since they directly responded—though in an inappropriately bold way—to certain actions of other countries.[4] The two stand-offs at Scarborough Shoal (in 2012) and the Second Thomas Shoal (since 2013) were to some extent provoked by the policy steps of the Philippines. The first Scarborough incident escalated after the Philippines Navy was dispatched to the disputed area and attempted to arrest Chinese vessels. China used the situation as a pretext to employ decisive pressure on the Philippines and eventually got its way. In the stand-off at the Second Thomas Shoal, China responded (assertively) to what it claimed was a Filipino attempt to improve the Philippines' position in the disputed area. More than in the case of Scarborough Shoal, in the Second Thomas Shoal case, the policy of the Philippines of conducting works on the station where its marines are located can be regarded as the trigger with some negative strategic consequences for China.

An even more obvious external trigger can be found in the case of China's reclamation works and related activities. It seems logical that the Philippines' initiated arbitration ruling in The Hague in 2013 significantly contributed to China's decision to start with the extensive reclamation works in 2014. The arbitration did not deal with the question of the sovereignty of the disputed land features, but it considered the definitions of the features based on the UNCLOS definitions. China's activities arguably made it more difficult to decide on the character of the land features prior to the reclamations (Dolven et al. 2015, p. 6). From the initiation of the process in 2013 by the Philippines until The Hague's decision in 2016, the face of China's occupied features changed to a great extent. The decision on the character of the land features

[4] A detailed description of these events was offered in Chap. 2, including an appropriate discussion about the other actors' relevant actions. This section will therefore mostly highlight the lessons learnt without elaborating on the details again.

Table 6.3 Chinese assertive actions and the influence of actions of other actors

The Chinese assertive (or policy adjustment) action	Time of occurrence	Level of assertiveness	External event/development
The cable-cutting incidents	2011–2012	Reactive assertiveness	Seismic surveys of other countries within China's nine-dash line
The Scarborough Shoal stand-off	2012	Reactive assertiveness	Crisis, the Philippines dispatching a navy vessel that tried to arrest Chinese fishermen
The Second Thomas Shoal stand-off	Since 2013	Reactive assertiveness	The Philippines trying to improve its outpost
The oil rig incident	2014	Assertiveness	None
Land reclamation, constructions, and militarization of the SCS outposts	Since 2014	Reactive assertiveness	The Philippines initiated the arbitration process in The Hague in 2013

Source: Own analysis

has a great importance since only rocks and islands can create 12 miles of territorial waters, and only islands can form EEZs. Hence, China likely made the decision to conduct extensive and rapid reclamation activities to make it more difficult for the arbitration process to come to a verifiable finding. Furthermore, the militarization of the newly built outposts is a logical continuation of the reclamation activities with the goal of fortifying the position and making it impossible to implement or enforce the decision the Arbitration Tribunal took.

The only instance of the assertive Chinese behaviour in which China did not respond directly to any action of another actor is the oil rig incident in 2014. As was mentioned, it has been acknowledged even in China that the incident was not started by any Vietnamese policy, although China felt its steps were perfectly legitimate. At the same time, the oil rig incident is also the only one where China acted in an assertive way almost immediately after it acquired the power to do so. The alternative hypothesis 1 therefore does not hold any additional explanatory power in terms of this event beyond the main hypothesis. However, in all four of the remaining instances of assertive Chinese behaviour in the South China Sea, it does present a sufficient additional explanation of the Chinese assertive behaviour. See Table 6.3 for the summary and argumentation.

The Summary and the Argument

The actions of other actors have a strong explanatory power in terms of their causing China's assertiveness. The alternative hypothesis, that the new policies of other actors provoked China to adjust its policies or respond assertively, can qualify to be the sufficient independent variable in four out of the five examples of Chinese assertive actions in the SCS. While possessing necessary sources of power is, by definition, a necessary precondition for any action, the main hypothesis, that the power shift caused the assertive actions of China, was found insufficient in all the instances with the exception of the oil rig incident in 2014. In all the remaining cases of China's assertiveness, actions of external actors played the role of the immediate trigger for the Chinese policies. Moreover, the US 'pivot to Asia'

strategy, which started officially in 2011, has likely been a factor in the Chinese considerations.

Overall, the alternative hypothesis 1 is regarded as a much-needed addition to the main hypothesis in terms of explaining the assertive shift in Chinese foreign policy. Even though the combination of the two hypotheses sufficiently explains all five instances of assertive Chinese behaviour in the SCS, to present a comprehensive discussion about all the relevant theoretical explanations, an analysis of the validity of the second alternative hypothesis will be conducted as well.

6.4 Alternative Hypothesis 2: The Influence of Domestic Politics in China

This alternative hypothesis contains altogether three possibilities of how the domestic politics could cause the assertive shift in the Chinese foreign policy—it could have been caused by the rivalry of intergovernmental agencies, nationalist pressure from the public, and exporting/covering of domestic problems. It should be re-emphasized that due to the complexity of this theory, a sufficient testing of its validity would probably require a separate dissertation research project. Moreover, the Chinese domestic politics is notoriously non-transparent, making the relevant data scarcer and more difficult to support with proof and evidence than those related to the foreign policy. For the sake of covering all the main theories which were suggested in the assertive China discourse as possible triggers of the foreign policy shift, an initial discussion about the validity of this very complex alternative hypothesis will be offered here, although it should not be viewed as exhaustive.

First of all, let us consider the avenues through which the domestic influences would impact the foreign policy behaviour of China. In the cases of nationalism and the domestic problems, the channel of influence would lead via the top leadership, which would be prone to making the decisions about the assertive policies since they would feel domestic pressure to do so. In the case of the intergovernmental agency rivalry, the more likely channel would be that some parts of the state administration would act without sufficient oversight and coordination from the top leadership. Therefore, indicators that the assumptions of this hypothesis on the side of the independent variable (with the assertive behaviour being the dependent variable) are met would include increasing fragmentation of the leadership and its overall loss of control over domestic development, growing domestic instability and discontent among the public, and increasing nationalism. The subsequent three sections of this chapter will now look at each of the three indicators to establish whether they are met. Eventually, it will be discussed whether the assertive actions conform to the channels through which the hypothesis would expect them to cause the assertive behaviour.

6.4.1 Indicator 1: Fragmentation and Loss of Control of the Top Leadership

It is far from precise to treat today's China as simply an authoritarian country where the top leader(s) enjoy(s) unparalleled authority and power to act in whichever way he (because the leader has always been a man so far) or they would choose. This view was to a large extent correct during most of the Mao era—the crucial decisions were taken either solely by Mao Zedong himself without any consultation, or he was able to push through his view over those of his colleagues in the decision-making bodies, i.e. the Central Committee of the Politburo (Zhang 2014).

Soon after Mao's death in 1976, Deng Xiaoping became the second paramount leader of the PRC, although, interestingly, he never held any of the highest formal positions in the political system, and he held this position for almost two decades. To the great astonishment of the observers at the time, Deng decided to commence a massive reform programme which drastically changed the country, and arguably many of the changes were for the better. Besides the economic reforms, which received most of the attention, Deng also made significant changes in the political system—even though he never opened the question of the leading role of the Party. Deng recognized many of the mistakes of the Mao era, and he decided to create institutions which would limit the role of the leader. Principles of collective leadership and democratic centralism were created to replace the rule of a single person with the rule of the Standing Committee of the Politburo. Under this system, the General Secretary is the first among the equal, who must not only be consulted regarding his policies but also build support for his policies. Following this, the third and fourth paramount leaders (Jiang Zemin and Hu Jintao) were far from being uncontested rulers like Mao or even Deng—whose power was actually constrained by elder cadres (Lampton 2014).

David Lampton (2014) explains the different position of the Chinese leaders in the political system using the typology of James MacGregor Burns, who differentiates between transformational, transactional, and power wielder leaders. Based on these categories, Mao Zedong could be counted as a power wielder type of leader who was interested in maximizing his power and also as a transformational leader with major ambitions to transform the whole country and system. Compared to him, Deng was far more a transformational leader with a few transactional features.

The subsequent two leaders were much different, however. On the one hand, they lacked the revolutionary past of their predecessors, which would give them personal legitimacy—their power stemmed primarily from the office they held. On the other hand, their power was also more clearly defined and also limited when compared to that of the revolutionary leaders.[5] For that matter, both Jiang and Hu come close to the transformational type of leaders (Lampton 2014, pp. 65–68).

[5]Deng was China's uncontested leader for two decades although he was not a President, General Secretary, or Chairman of the Central Military Commission—he was simply able to rule because his decisions were respected. For accounts of Deng's ruling, see, for example, Kissinger (2012, pp. 321–329).

Among the many institutional reforms introduced by Deng, at least one more should be mentioned here. Based on the same principle of institutional limitation of personal rule, Deng introduced the norm of age limits of officials at all levels of the system. This, in effect, led to limiting the number of tenures at the highest position to two. Since Jiang, every president (who would also hold two other positions—those of the General Secretary and the Chairman of the Central Military Commission) is expected to step down and retire after two terms, as it is assumed that at this point, he (or perhaps in the future she) would pass the retirement age (Lampton 2014, p. 188).

Zhang Qingmin (2015) published one of the few articles dealing with the issue of bureaucratic politics and its influence on Chinese foreign policy. Unfortunately, his article does not present a coherent theory of the issue; instead, it simply argues for its importance and suggests guidelines for how future research on it could proceed. At the same time, he does raise a few relevant points. He claims that due to the development of the domestic political system, the ever-present factionalism in Chinese politics moved from being ideology driven to being interest driven. Moreover, another shift occurred—from the previous differences between individuals to the current struggles between agencies.

Zhang raises the often heard issue of the position and influence of the PLA on the Chinese foreign policy, and he cites You Ji's research suggesting that the role of the PLA had been increasing. According to Zhang, it is the PLA which advocates the assertive policies, unlike the Ministry of Foreign Affairs, which tends to prefer more benign behaviour. However, the MFA has consistently held a junior position within the political structure and even the foreign policy decision-making process, effectively delegating it to the implementation role.[6]

There are a few good-quality studies which deal particularly with the foreign policy decision-making process in China based on a number of personal interviews with relevant individuals (Jakobson and Knox 2010; Yun 2013; International Crisis Group 2012). The picture these publications paint is similar to what Zhang presents in his paper—the institutional system created in post-Deng China is complex, with a high number of institutions competing for influence, often with overlapping or unclearly defined authorities. At the same time, there are 'new actors' that must be considered by the top leaders making decisions—including state-owned enterprises, provinces, think tanks, and universities but also the media and even the public opinion.[7]

The cited works referred to the final years of the Hu-Wen administration. However, the ascension of Xi Jinping to the position of the historically fifth 'paramount leader' of the PRC soon proved to be the turning point. Unlike his predecessor (who had to wait for 3 years), Xi quickly acquired all three of the highest positions in the Chinese political system at the end of 2012 and the

[6]The story of the Minister of Foreign Affairs from the Hu-Wen administration Yang Jiechi is telling. In President Xi's administration, he was promoted to a State Councillor—the highest foreign affairs position in the system. However, he is still not a member of the 25-member Politburo, let alone its Standing Committee.

[7]The potential impact of public opinion on foreign policy decisions will be discussed in subsequent sections of this chapter.

beginning of 2013 (the President of the PRC, the General Secretary of the Party's Central Committee, and the Chairman of the Central Military Committee). Very soon after Xi's elevation, it became obvious that his position in the political system was more powerful—and also different—than those of his two predecessors Hu Jintao and Jiang Zemin (Lam 2015a, p. xiii).

In the course of a few years of his political rule, Xi increasingly centralized many of the state functions around him, apparently displacing the previously established system of collective leadership and democratic centralism in the Central Committee with what increasingly seems to be his personal rule. Besides the three offices Xi holds by being the paramount leader, he became the chairman of the newly established National Security Commission and the new Leading Small Group for the Comprehensive Deepening of Reform, effectively giving him control over the economy (which had previously been held by the Premier) and improved control over cooperation issues related to domestic and external security. In late 2015 and early 2016, the state media began to refer to Xi as the 'core of the leadership', further differentiating him from other members of the Standing Committee (Lam 2015b). Another title which Xi recently seemed to adopt is 'the Commander in Chief'—a position which is not given to the President by the constitution, unlike in the US system (Panda 2016). This is yet another sign of Xi's increasing control and its demonstration in regard to the military. It should also not be forgotten here that Xi has started and is the main engine of the current major anti-corruption campaign, which gives him a great informal power to target uncomfortable voices within the Party, not much unlike how Mao did (China File 2016).

This centralization of power and overall tightening of the system, combined with other indications, even raise doubts about whether Xi would step down in 2022 as he is expected to after serving his two terms and passing the retirement age (Lam 2015c). Since Xi took over, he clearly became in charge of a great many things, leading the China expert Kerry Brown to call him the 'CEO of China' (Brown 2016), and *The Economist* jokingly called him the 'chairman of everything' (*The Economist* 2016a) and warned of the eruption of the 'cult of Xi' (*The Economist* 2016b).

Without proceeding further in studying the Chinese political system, a few results are obvious from this short engagement with the recently published works on the topic. It might well be the case that during the Hu-Wen administration, the top leadership did not enjoy undisputed control over the day-to-day business of the country and they might at times have fallen victim to the interests of various state agencies. However, quickly after Xi became the leader in later 2012, he started to centralize power in his hands, thus effectively reversing the trend. Thus, since 2012 it is less likely that a certain state agency would act on its own interest without following the will of the top leadership—meaning President Xi and his protégés.

The findings from the analysis of the first indicator therefore show that even though at the end of the Hu Jintao era we might have talked about the fragmentation and diminishing control of the leadership, this changed rapidly after Xi Jinping became the leader in late 2012. Furthermore, Xi has continued to strengthen his political power in the following years. In other words, the assumptions of this hypothesis about the independent variable have been moving in a different direction than expected, making it increasingly unlikely that the assertive actions would be the result of the fragmentation and the loss of control of the top leadership. Keeping in mind the

timing of the assertive actions of China, most of them fall within the tenure of Xi, and hence there is little probability that they would be caused by the fragmentation or loss of the top leadership control over the development, especially since the South China Sea became a hot issue which is surely followed by the highest leadership.

6.4.2 *Indicator 2: Domestic Problems and Public Discontent*

As China is an authoritative state, regime security is the most important goal of the Chinese government (Dai 2010; Reilly 2012; Weiss 2014b; National People's Congress 2015). In the past, during the Mao era, the Party relied on coercion and ideology to sustain its rule. Since Deng's time, however, the Party essentially moved towards using remuneration to 'pay' people for their support (Lampton 2014, pp. 21–22). In today's China, the government's rule depends on the performance legitimacy it enjoys among the people.[8] While it does not have to make sure that a majority of people would be content with it even if they were given any other choice (as major parties in democracies generally do so in order to win elections), it must make sure there is no solid interest group that would be willing and able to endanger its position. As a matter of fact, the legitimacy the Party now enjoys among people depends, simply speaking, on the material and non-material satisfaction of the people (Shirk 2007, pp. 6–9; Holbig and Gilley 2010, p. 27).

The material satisfaction of the people means providing for the economic development of the country and, obviously, improving the life quality of the Chinese citizens. The Chinese economy has been doing pretty well in previous decades, and this is one of the crucial reasons why the Chinese Communist Party escaped the fate of its comrades in other parts of the world. China has become an integral part of the world economic system, but it has also become hugely dependent on it. Its economy is now far more sensitive to outside development than it was decades ago when it valued self-dependency above economic development. It now has to import critical commodities for its economy, including a significant portion of its energy demand, to simply fuel the needs. On the other side, it also has to export its final production, for its growth has been vastly dependent on foreign demand. To sustain this kind of economy, a stable international environment and stable working relations with economic partners are an absolute must—as was documented in Chaps. 4 and 5 (He 2009; Nathan and Scobell 2012).

Looking at the second ingredient of the Chinese government's legitimacy, the non-material satisfaction of the people, it has been sufficiently documented that the traditional role of communist ideology decreased substantially in the previous decades and nationalism is widely regarded as filling the gap (Wang 2012). Nationalism (or patriotism) and the perception that the current Chinese government

[8]There have been elections on the lowest levels in China, though, but they have been largely seen as being of little relevance. See, for example, Pleschova (2009).

is successful in representing of Chinese nation have become the key ingredient of the ideational support, which was demonstrated by, among other things, Xi Jinping's 'Chinese dream' of a great rejuvenation of the Chinese nation.[9]

This book discussed among other issues particularly the issue of the satisfaction rate of Chinese people, and the available data show very high levels of various indicators of public support, including the confidence about the future development of the country and contentment with the present situation (Chap. 5). While this data might be disputed by those who believe that in an authoritarian state the respondents would be worried about expressing their discontent, there are actually surveys showing very concrete areas with which the Chinese people demonstrate their dissatisfaction and they name concrete problems. At the same time, the available data also show that overall the perception of the government in connection with its dealing with these problems has been improving. Further data also indicated that the overall Chinese national performance has been improving since about the year 2013.

This is not to suggest that there are no problems in China, or that new problems could not mushroom without any expectations at a minute's notice. The point can be made that the stability in the ethnic minority areas has not been sufficient and there are cases in which the instability spilled over to the rest of the country.[10] Right before the Beijing Olympics in 2008, Tibet experienced the most severe unrest in at least two decades, which saw dozens of people dead, hundreds arrested by the police, and many Han and Hui businesses destroyed by rioting Tibetans. The Tibetan protests then continued in more symbolic ways for years to come, mainly in the form of self-immolations, which numbered more than 100 (Woeser 2016).

Xinjiang saw similar ethnic clashes in 2009, leaving probably even more people dead and injured than the year before in Tibet (Kamphausen et al. 2011, pp. 262–266). As in Tibet, riots took the form of ethnic clashes, with ethnic Han and their property being targeted first, and this was then followed by the government responding with deploying the police and the army and proceeding with massive arrests. In the aftermath, Uygur protestors, unlike the Tibetans, chose to conduct terrorist attacks in other parts of China as well, resulting in a number of civilian deaths. The most notorious cases have been the 2014 Kunming train station attacks (more than 30 deaths and hundreds of injured) (BBC 2014) and the 2013 Tiananmen Square attack (five deaths and more than 30 injured) (Kaiman 2013).

Yet, there is little rational information to suggest that the issue of Tibet and Xinjiang would spark a major danger for the regime security of the CCP in China. In fact, it might be the case that the government to some extent keeps the issue of Tibet and Xinjiang in the public eye since it can help unite the (predominantly Han) population against the perceived security threat and gather nationalistic support (Zha 2005, p. 61). It is a matter of fact that the Han Chinese, which make up over 90% of the population of China (CIA 2016), hold somewhat negative views of the two most prominent ethnic minorities. A commonly held belief in China is that China

[9]President Xi does not hide that his dream is about the *Chinese* people and nation (Xi 2015).

[10]For one of the most recent publications on this topic, see Hillman and Tuttle (2016).

helped both regions tremendously in their economic development and so they should be thankful. Moreover, Tibetans and Uyghurs are often seen by Han people as uncivilized and backward (Slobodník 2006).

To sum up, there are no apparent domestic problems which were escalating at the time of the assertive actions of China in the South China Sea (see also Chap. 5). While in the medium to long term, the Chinese government might be worried that the slowing of the economic growth will take away an important piece of its legitimization, in the recent past and at present it seems that the current level of economic development is still sufficient to meet the material expectations of the people. The varying levels of instabilities in Tibet and Xinjiang (which, in any case, escalated before the assertive period) notwithstanding, the assumptions of the hypothesis regarding this indicator have not been found to be met.

6.4.3 Indicator 3: Growing Nationalism

The immediate era for studying today's nationalism in China started after the Tiananmen Square incident in 1989, when the Chinese government decided to use nationalism as its legitimacy source. The idea was apparently to fill in the vacuum left after the communist ideology disappeared with the initiation of the reform and opening-up policies at the end of the 1970s and after the democratic cries of some segments of society were crushed in 1989. Hence, the 1990s experienced an increase of 'patriotic education' (Mierzejewski 2012–2013, pp. 60–64) in the context of what is sometimes called the 'new Chinese nationalism' (Gries 2006).

In effect, the Chinese nationalism is an interesting mixture of pride in the country's magnificent history, which goes back thousands of years, and civilization achievements, and a self-victimization stemming from the so-called hundred years of humiliation, when China suffered in the face of Western and later Japanese imperialism and lost control over much of its territory (Gries 2005, 2006; Mierzejewski 2012–2013).

Overall, there is little doubt that nationalism in China was on the rise in the 1990s and 2000s and that the 2008 global financial crisis further instigated the domestic level of nationalism (see, for example, Reilly 2012; Weiss 2013, 2014b; Shirk 2007; Wang 2012; Stockman 2010). According to a survey from 2008, China was found to be one of the most nationalistic countries in the world (Zhao 2013, p. 543). The nature of the relation between the state and the society is, however, contested. The Chinese nationalism has been perceived as a potentially double-edged sword (Weiss 2014a)—while it can serve the Party's goal of building popular support, it could also become a platform on which the public could criticize the government for misconduct of foreign policy, failing to protect the national interest, its pride, etc.[11]

[11] One of the early examples was the occasion in 1999 when the then Premier Zhu Rongji returned from his trip to the USA without securing the agreement about Chinese WTO membership and was criticized for that (Hughes 2006, pp. 1–2).

At the same time, various scholars showed that the Party still possessed various tools with which it could effectively control public manifestations of nationalistic emotions. James Reilly, for example, shows on examples of nationalist protests that the government applies a complex strategy of dealing with these occasions consisting of tolerance, responsiveness, persuasion, and repression (Reilly 2012). Daniela Stockmann similarly shows in her studies how the government imposed additional media content guidelines even in the era of partly commercialized media in China and effectively adjusted the public opinion and thus defended against what she calls 'public opinion crises', that is, situations in which the government and the public hold diverging opinions (Stockmann 2012; Stockmann and Gallagher 2011).

Zhao Suisheng, in his article published in 2013, asserts that since 2008 the Chinese government became more willing to listen to the demands of public nationalism. While this was to some extent due to its giving in to the public pressure, even more important, in his opinion, was the convergence between the popular and state nationalisms, which was provoked to some extent by the events of 2008 (the global crisis, the Beijing Olympics, etc.). Zhao explicitly mentions the assertive shift in Chinese foreign policy as an example of the foreign policy implications of the nationalism wave since 2008. However, his accounts of alleged examples of the nationalist impacts on the foreign policy miss the most important link—the evidence that it was indeed nationalism that was driving China to act more assertively in the given instances (Zhao 2013).

In fact, other authors writing on the topic disagree to some extent with Zhao and claim that there is no evidence that the Chinese government has been a victim of popular nationalism. Chen Chunhua asserts that the nationalism has posed no constraint on the power of the government and that President Xi has used it to rally support for its policies. In particular in the South China Sea, there is no evidence that the government would give in to the popular pressure when conducting its assertive policies (Chen 2016). Similarly, Jin Kai in *The Diplomat* rebukes the idea that the assertive policies in the South China Sea are caused by the Chinese nationalism by simply pointing at the lack of evidence of any link between nationalism among Chinese netizens and the government's actions (Kai 2016). Moreover, the SCS issue has a lesser potential to inflame the public sentiments since it is not connected to the century of humiliation the way Japan is (Carlson 2015; Chubb 2014). As a matter of fact, there have been no public protests staged regarding the SCS (although there has been a number of them in connection to Japan).

The change in the leadership post arguably moved the situation more in the direction envisioned by Zhao Suisheng in terms of convergence between the popular and state nationalism. One of President Xi's key slogans has been the 'Chinese Dream' of national rejuvenation. Interestingly, the term 'Chinese Dream' appeared before—most notably, the book by the veteran Chinese military specialist and retired colonel Liu Mingfu published in 2010 was titled *The China Dream: Great Power Thinking and Strategic Posture in the Post-American Era* (Liu 2015). The book presents a radical nationalistic interpretation of Chinese relations with the world and in particular with the USA. Liu does not shy away from stating bluntly that the goal of China should be to build up its military, surpass the USA, and

dominate the world. On the way to achieving that, Liu asserts, China should not be afraid of fighting wars, even offensive ones.

It is unclear whether there actually was a link between Liu's book and President Xi's term, but the book earned great attention since Xi entered office and started using the same slogan.[12] It is also telling that Xi's programme won him acclaim among nationalistic streams of society, such as the so-called angry youths (愤青), who previously produced a nationalistic and xenophobic series of 'No-books' (Zha 2005, pp. 63–66; Zhang et al. 1996; Song et al. 2009). In any case, Xi's 'Chinese Dream' clearly has a nationalistic orientation, and his adoption of the same term as the mentioned recently published nationalistic book seems to prove Zhao's observation about the convergence of the popular and state nationalism.

Summing up the evidence, the third indicator of the hypothesis, unlike the previous two, seems to be confirmed. Nationalism has clearly been a strong force in China recently, and there are indications that it has been growing for at least the last two decades, most recently being strengthened in 2008 and then by President Xi's 'Chinese Dream' campaign. At the same time, there is little evidence to suggest that the government was under mounting pressure from the public nationalism at the time of its assertive policies. If anything, there are signs of a convergence of state and public nationalism, which were made even more obvious since the start of the 'Chinese Dream' campaign. While the government might need to consider public opinion more during crisis-like situations, various researches have shown that actually it can still control it by adopting various complex measures.

Looking at the examples of the assertive behaviour, neither of them meets the requirements under which the nationalistic public opinion could put the government under pressure. In no Chinese assertive action is there any indication that the government would be presented with a fait accompli to which it would have to take certain predetermined assertive steps. Even the most crisis-like assertive events—the two stand-offs with the Philippines—seem well managed from the Chinese side, which was maintaining a relatively restrained behaviour on the ground. Moreover, during the Scarborough Shoal stand-off, it was the state media (*Global Times*) which was talking about the possibility of war in the region (Chap. 2). If the government felt under pressure from the nationalistic public, it would clearly have taken measures to prevent the publication of such articles (and it did take such measures in other cases, as was already shown).

Therefore, if the nationalism has any significant role in causing the Chinese assertiveness, it would be a more indirect role than the one originally envisioned. Indeed, if the government adopted some of the popular nationalist ideas for its own use, then a rational assessment of the government and its decisions would hold a footprint of the growing nationalism. This is most likely also what Zhao meant when he talked about the convergence between the state and popular nationalism, which, in his opinion, led to China's assertive behaviour. The explanatory power of

[12]Note that the terms for 'Chinese Dream' and 'China Dream' are identical in Chinese (中国梦). The Chinese language does not distinguish between the adjective and noun forms of words, like in this case.

the alternative hypothesis 2 is therefore limited to the indirect role which nationalism might have played in influencing the leaders' decision. Still, the validity of this hypothesis is further limited by the findings that no major change in the perception of the Chinese power took place. The fact that the Chinese leaders accept the power limitations of China should decrease their willingness to engage in risky and prematurely assertive behaviour.

The Summary and the Argument

The alternative hypothesis 2 is the most complex of the alternative hypotheses, and it required discussing three separate options of how domestic politics could have influenced Chinese foreign policy so that it would be assertive. After discussing of the assumptions regarding the independent variables, two were found not to be present. The fragmentation of the government might have been an issue at the end of the previous administration of Hu Jintao, but since 2012 the trend in Chinese politics is contrary to the expectations of this theory. Similarly, there are no indications that domestic instability and dissatisfaction would have been mounting at the time of the assertive behaviour. Quite to the contrary, the available data on the satisfaction and national performance point in the other direction.

Only the third indicator of the hypothesis assumptions was found to be present—there has indeed been a growing nationalism in China, which was further stimulated by the events of 2008 and then by Xi's ascension to the office of President. At the same time, there are no indications that the government would have been under the pressure of the nationalistic public opinion, and thus decided to adopt assertive policies. The accounts of the assertive actions of China give signs of pre-planned, restrained, and well-controlled behaviour, even in the cases of the most crisis-like situations like the Scarborough Shoal stand-off. In all the instances of assertive behaviour, it seems that the leadership was in control. The same goes for the PLA, which in itself has not been involved in any case of assertive action. Its long-term rise in terms of activity since the 1990s did not cause any considerable crisis-like situation in which it would have to decide about its course of action immediately without consulting the civilian leadership. Moreover, since Xi Jinping became the president in 2012, he has kept tighter control over the military, resulting again in a lesser likelihood that the military would act independently.

The evidence points towards a convergence of the popular and state nationalism. In other words, the state has perhaps adopted some of the nationalistic ideas, and under their influence, the government decided to act assertively. This indirect influence, however, is somewhat limited by the findings which show that no major change in power perception took place and that the leadership probably does not exaggerate China's power.

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Chapter 7
Conclusion

7.1 Summary of the Findings

The book began with an engagement with the scholarly literature on China's assertiveness. It was shown that the narrative of the assertive China skyrocketed since 2010 as a reaction to the alleged change towards assertiveness in the Chinese foreign policy in 2009–2010. The literature identified various theories for why China allegedly started to act assertively, and these explanations were taken as the main hypothesis and the two alternative hypotheses for this study. While a few good-quality studies problematize the assertive narrative based on the events of 2009–2010, no rigorous scholarly research of Chinese assertive policies since 2011 has been published yet. Moreover, no systematic testing and analysis of the suggested theories has been conducted to the knowledge of this author, resulting in little objective understanding of the mentioned possible factors' relative importance in terms of the causes of the Chinese assertiveness.

To sufficiently test the main hypothesis, the study moved on to develop a suitable conceptualization of power. Power was here defined as the 'ability to achieve and/or sustain a desired goal', and it was differentiated from sources of power, exercise of power, outcomes, and influence. Power has been found to be a dynamic and issue-specific ability, and to assess the power of a country, analysis of sources of power and analysis of outcomes are the two best available possibilities, depending on the research necessity. Different policy goals and contexts substantiate the different sources of power which are relevant in each situation. For us to be reasonably sure that all the important sources of power have been taken into account, the study involves analysing eight areas of power sources at three analytical levels. Looking at the literature on China's power, it has been shown that surprisingly few systematic studies have been done on the main research question in a comprehensive and conceptually clear way. A lack of understanding of power might be the main reason why scholars avoid studying China's power and the distribution of power in East Asia.

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Moving on towards the practical part of the study, Chinese policies in the South China Sea were discussed. The narrative of Chinese assertiveness skyrocketed in 2010 as a response to the alleged assertive shift in Chinese foreign policy in 2009–2010. There is evidence to suggest that initially the discourse was exaggerated when compared with the facts on the ground. Some of the often heard examples of the assertive Chinese behaviour from the period of 2009–2010 are misplaced, and the remaining ones were found to constitute only policy adjustments at most. China's activity in the SCS started increasing in 2005, particularly in the realm of law enforcement. However, the often presented examples of Chinese assertiveness in 2009–2010 can hardly be counted as legitimate. The inclusion of the SCS within China's core interests likely did not happen as described at the time; the Chinese submission of the nine-dash line to the UN was a response triggered by an upcoming deadline and acts of other claimants, and it was in line with the Chinese long-standing position; and the *Impeccable* incident is not relevant to the SCS dispute issue because it happened in undisputed Chinese waters. Moreover, the cumulatively growing Chinese activity in terms of law enforcement in 2009–2010 did not go past any significant threshold point which would substantiate the claim of a Chinese assertive shift in that period.

On the other hand, China actually started to act assertively in the SCS in 2011, and thus the notion of an assertive China cannot be regarded as a myth from today's viewpoint. It can be proposed that the narrative of an assertive China preceded to some extent the real thing—the actual behaviour of China caught up with the narrative only later on as China grew more assertive since 2011. Altogether five cases of assertive actions of China in the SCS were identified since 2011. They included the cable-cutting incidents of foreign oil exploration vessels; the stand-off at the Scarborough Shoal with the Philippines in 2012, after which China got the feature under its control; the similar stand-off at the Second Thomas Shoal, which has been going on since 2013; the oil rig incident in 2014 in the disputed waters near the Paracel Islands; and finally the construction of artificial islands and their upgrading and militarizing, which started in 2014. These cases constituted the main cases for further analysis.

For testing the validity of the main hypothesis, a comprehensive assessment of China's power was conducted with the goal of finding out whether a major increase of China's power happened before the assertive actions. It was found that China's economic and military sources of power have been increasing for the last few decades, and the gap between China and the ASEAN states increased substantially (in China's favour) during the 1990s and 2000s. Also during the 2000s, China overtook Japan, and the difference between China and the USA is also getting narrower. This process was only accelerated by the 2008 global crisis. With regard to the geoeconomics, national performance, and domestic legitimacy sources of power, the Chinese government was found to be relatively strong and steadily improving its power. However, in other areas, China's sources of power did not increase comparably. The geopolitics at the structural level and the soft power at the societal level are the problematic sources of power from China's perspective, and they both declined at the end of the 2000s and the beginning of the 2010s. In

particular, the geopolitics presents a very important limiting factor for China's power and significantly lowers its abilities, most likely resulting in much more restrained policies than would otherwise be the case.

The increased aggregate and specific technical capabilities of China have played a role in the Chinese assertive behaviour in the SCS. The massive construction projects at the land features, their equipment for military purposes, and the placement of the oil rig would not be possible without the disposal of necessary financial resources and technical capabilities. Similarly, the increased pressure of Chinese law enforcement agencies (such as at the Scarborough Shoal in 2012 and at the Second Thomas Shoal in 2013) is driven by the increased quantity and quality of the Chinese vessels. Increased military capabilities give China further operational support and deterrent clout, even though the military has not been involved in most of the incidents in the SCS.[1] The improved geoeconomic position of China in the region and the asymmetric relations it fostered with other regions, particularly due to the size of its domestic market, make it possible for China to use its economic clout for political goals—such as in the cases of the 2012 Scarborough Shoal standoff and the diplomatic pressure of international oil companies.

However, only in the case of the oil rig incident in 2014 can the point be made that China acted immediately after acquiring the power to do so—in this case, it was connected with the technical deep-water drilling platform and partly also the unified Chinese paramilitary forces providing security clout. In all the other examined cases, China acted assertively years or even decades after it first had the power to do so, which suggests that the increase of China's power is not a sufficient explanation for this behaviour. Moreover, its major increases notwithstanding, the Chinese military is still not likely to win in its regional campaigns if the USA decided to get involved in the SCS with its available strengths. In other words, China's military deterrent did not pass any significant threshold in the years before or during the assertive period of its foreign policy which would substantiate the claim that the provided clout became much more effective. Clearly, something else besides the increase of China's power had to happen for China to act assertively. This legitimizes the discussion about the validity of the alternative hypotheses which may provide an additional explanation which would be sufficient in other cases besides the oil rig incident.

The increases of China's economic and military sources of power, the observed economic problems in the developed world, and possibly the goodwill gestures of President Obama in 2009 led some Chinese and non-Chinese observers to an exaggerated perception of China's overall power. However, there is no clear evidence that the perception of China's power markedly increased within China after the 2008 crisis. In fact, China's power might have been more inflated

[1] Actually, a point can be made that the results of some assertive actions might prove to be the game-changer in the race for strategic control of the South China Sea. This can well be the case with the reclamation and construction works at the Chinese outposts and their subsequent militarization. However, the primary goal of the book was not to evaluate the outcomes of the assertive actions but rather to establish what caused them.

internationally than within China itself. The description of the relevant events does not support the theory that the perception of changed geopolitics at the beginning of Obama's term led China to behave more assertively in 2009, as some argued. The Chinese behaviour at the beginning of Obama's term, and particularly its behaviour in 2009 and 2010, was not found to be more assertive than China's behaviour at the end of Bush's second term. The actual assertive actions of China in the SCS happened only since 2011, when the US pivot to Asia was about to be kicked off, as the pivot arguably made the geopolitical situation less favourable for China rather than the opposite. Still, while the majority of Chinese scholars and the top leadership probably held realistic views about Chinese abilities and were aware of their limits, some vocal opinions or peer pressure might have been a contributing factor in driving China's more assertive policies.

All in all, the evidence does not suggest that the Chinese perception of power distribution changed dramatically before or during the assertive period of Chinese foreign policy. There was a short period immediately after the 2008 global crisis which might have met the requirements of a changed perception of China's power in a limited way, but soon afterwards, the perception changed back to its original state, and the majority of Chinese held a realistic perception of their own power limitations. The evidence of a slowly growing perception of China's own power is consistent with the findings of the power analysis in this book, which show that China's power is indeed growing in most power source dimensions, but no dramatic change in this regard occurred before or during the assertive period.

With regard to the alternative hypothesis 1, actions of other actors and the external development were found to provide a much-needed additional explanation of China's assertive behaviour. The alternative hypothesis that new policies of other actors provoked China to adjust its policies or respond assertively can qualify to be a sufficient independent variable in four of the five examined assertive events. While possessing relevant sources of power is, by definition, a necessary precondition for any action, the main hypothesis that the power shift caused the assertive actions of China was found insufficient in all the examined instances with the exception of the oil rig incident in 2014. In all the remaining cases of China's assertiveness, actions of external actors played the role of a direct and/or indirect trigger for the Chinese policies. The Chinese activity in the SCS started to grow already in 2005, and it was reflected by the actions of China's opponents, which increased their activity there as well, perhaps even more than China (some examples might be the visits of high-level politicians of Vietnam, the Philippines, and Malaysia—but not China—at the disputed features). The cases of Chinese assertiveness since 2011 show the attempts of China to improve its strategic positions, possibly in expectation of heightened competition after the USA commenced its 'pivot to Asia'. On the other hand, the cases of Chinese policy adjustments prior to 2011 do not hold such a strategic value and can be regarded as signals to other countries that China was not prepared to let go of its claims. The increasing activity of the USA in East Asia, which was officially announced during 2011, can be regarded as the external factor indirectly contributing to Chinese assertive actions since 2011.

More immediately, most of the assertive steps of China had the form of reactive assertiveness. The two stand-offs with the Philippines were (perhaps inappropriately exaggerated) Chinese reactions to some Filipino actions of a new character. Even more straightforward is the case of the reclamation activities started in 2014, which are (from a certain perspective) a logical (over)reaction of China to the arbitration process initiated in 2013. The militarization of the outposts can be viewed as the continuation of this process. Meanwhile, the cable-cutting incidents were a bold and 'unfriendly' reaction of China to the deepening of oil exploration activities of other claimants. The alternative hypothesis 1 is therefore regarded as a sufficient addition to the main hypothesis in terms of explaining the assertive shift in Chinese foreign policy in all the cases with the exception of the oil rig incident, which is already sufficiently explained by the power shift theory. This finding makes this book subscribe to the theory of reactive assertiveness as the best explanation of the Chinese assertive behaviour.

The three options of the alternative hypothesis 2 were discussed, and two were immediately falsified. Since 2012 (when most of the assertive policies happened), President Xi has had centralized political power, and it is increasingly unlikely that the top leadership would not have full control over such an important foreign policy issue as the SCS. Similarly, the available data on the Chinese people's satisfaction with the national governance show surprisingly high levels of public contentment and performance, with this trend also being positive from the Chinese perspective. Only the third option of the hypothesis relied on assumptions which were found to be true—there has indeed been a growing nationalism in China that reached high levels in the years of the assertive period. At the same time, however, there are no indications that the government would have been under pressure from the nationalistic public opinion and thus decided to adopt assertive policies out of a fear of public criticism. The evidence rather points towards a convergence of the popular and state nationalism. This would, therefore, constitute at most an indirect influence of nationalism on the dependent variable of assertive behaviour.

To sum up, the findings of this study show that the assertive policies of China in the South China Sea were made possible by its acquired power from previous years and decades (the main hypothesis), but in most cases (four out of the five examined cases), their immediate trigger came from an action of another actor (alternative hypothesis 1). The Chinese decision to react assertively was likely contributed to by the somewhat increased perception of China's power (a twist of the main hypothesis) and, in particular, the high level of Chinese nationalism (a part of the alternative hypothesis 2), although there is no evidence to suggest that these two alternative explanations played major roles in causing the assertive behaviour of China.

The findings of this study might at first sight support a notion that China is a peaceful and defensive country. In fact, this is a traditional view in China (understandably often promoted by the current Chinese government), and there is even a Chinese saying which goes, 'if others do not offend me, I do not offend them' (人不犯我,我不犯人). This would be, however, a misinterpretation of the findings of this book. While the study differentiates between 'assertiveness' and 'reactive

assertiveness', it is not claimed that one is more severe than the other. The whole meaning of reactive assertiveness in this case is not that China was 'merely' reacting but that it was reacting in an inappropriately bold and 'assertive' way.

Still, the thesis that China (most often) acts assertively only after it is given a pretext is significant both theoretically and practically. Policy-makers in charge of diplomatic dealings with China should keep in mind this 'oversensitivity' on the Chinese side and design their own policies expecting these kinds of Chinese (over) reactions. Scholars trying to understand Chinese behaviour should also identify the importance of the social context in which China decides about and conducts its policies. In both cases, the research shows that China does to some extent receive external impulses and reacts to them, although perhaps in a different way than expected, as it draws on a specific Chinese perception of the outside world and its own interpretation of the development in question.[2] In the end, this is not to suggest who is right and who is wrong—it simply identifies the most appropriate understanding of the conduct of Chinese foreign policy in its assertive era without evaluating its normative aspects.

An important qualification of these findings should be kept in mind. As was explained in the beginning, the research focused on the foreign policy *behaviour* in what can be seen as a narrower definition of the foreign policy of a country. Importantly, the object of the research was not the rhetoric of the Chinese officials, which can be regarded as being part of the broader definition of the Chinese foreign policy. It is possible that another research focusing on the rhetorical aspects of the Chinese assertive foreign policy might come to different conclusions—in particular with regard to the timing of the assertive period, its constituting expressions, and its driving forces. Some indications of this study point towards the direction of the idea that, in fact, the Chinese rhetorical changes might have been initially more important than the actual behaviour of China and they led to the eruption of the assertive China discourse internationally. It might also be the case that other factors would be found more important in driving this rhetorical dimension of the assertive foreign policy—the domestic politics would be suspected of playing perhaps a larger role in this case. However, since this was not the main topic of this book, it remains to be seen whether any future research will bring a definite answer regarding this and other relevant issues.

7.2 Research Takeaways

In regard to China's power, the presented research makes a few important points. It is suggested that China's power has not increased across all the studied areas of power sources. It was also shown that no overall 'power shift' in the global or

[2] A discussion about the Chinese international relations thinking and its cultural aspects, which are embedded in the concept of strategic culture, is developed in Turcsányi (2014).

regional politics has happened or is happening in the sense that China would be already or in the near future taking over the position the USA has held for decades. The main reason is the significantly less advantageous geopolitical position of China, but two other reasons are the still huge qualitative gap in military and economic power and also the soft power factors. While Chinese military and economic sources of power have been growing at a staggering speed, China has been unable to persuade other regional players to ally with it. Quite the opposite, many of them are moving closer to balancing China by strengthening their relations with the USA and with each other. In any foreseeable scenario, China will never be able to match a coalition of the regional countries allied with the USA. The inability of China to improve its structural geopolitical situation is closely connected with the low level of its soft power. China might be respected and feared, but it is not liked. Few countries want China to be a leader. Unless China is able to persuade other states to ally with it or at least get closer to it than to the USA, its power on the regional and global levels will remain seriously limited.

These findings with regard to China's power were generated by the application of the model of power which takes into account three levels of sources of power. Why are eight stationed Filipino marines in a deliberately grounded wreck at the Second Thomas Shoal able to withstand the pressure of the modern Chinese warships patrolling nearby for a few years already? Why have countries such as North Korea and Taiwan but also Georgia, Cuba, and others been able to oppose much larger adversaries? Or why is Russia capable of acting seemingly more efficiently than the West and quickly moving in and out of Syria and Ukraine?

The reasons these situations developed the way they did are not to be found in a comparison of the bilateral military and other technical capabilities. The international structure might significantly improve the chances of the small countries in their relations with much bigger ones and make their otherwise entirely asymmetrical relations more viable. Similarly, domestic factors in Russia allow President Putin to act militarily in Ukraine and Syria and apply measures of brinkmanship in a way which is hardly possible in the Western societies, even though NATO is militarily and also economically much more powerful than Russia. The crucial sources of power of Russia that allow it to act in this way are to be found at the societal level, while the most important sources of power determining the positions of Taiwan and North Korea—and protecting the Filipino marines at the Second Thomas Shoal in the South China Sea—are at the structural level.

Some of these power sources are inherently immeasurable, but that does not make them less real. As scholars, we should include them in our analyses the best way we can. This is not to claim that for some issues and research goals, a more simplistic, measurable, and testable approach to power assessing would not be suitable. But this approach might leave out something important, and there should be an alternative that would be better suited for an intensive study of one or a few crucial cases and the behaviour of a single actor. If the alternative means abandoning quantifiable power rankings and expanding our conceptualization of power, then it should be done. But the common sense we use when judging power in international relations is, anyway, still the ultimate test we willingly or unwillingly

apply when evaluating whether a certain power index is realistic or not (Yan 2006). What the model of power used in this book offers is a way to make this 'common sense' approach conceptually more rigorous. In this way, the improved interpretative approach can be a more balanced partner of various quantitative approaches. Both quantitative and interpretative approaches can be enriching for the general knowledge, and their interactions are eye-opening.

Moving over to the Chinese foreign policy, this understanding of power stimulates some interesting ideas in this area. Acknowledging that the main goal of Chinese foreign policy is to make China (or the Chinese government) as powerful as possible, there seems to be only one feasible way to make China significantly more powerful internationally—to win over the 'hearts and mind' of peoples outside China, both regionally and globally (Yan 2006). During the 2000s, the Chinese government accepted the importance of cultivating Chinese soft power, and it went a long way to persuade the world of China's peaceful intentions, although even domestically there was no unity regarding the viability of this stance.[3] In this way, the government managed to keep the international environment surprisingly positive in its views of China, although the rise of China's economic and military power sources was indeed impressive and perhaps historically unparalleled. Similarly, the satisfaction of the Chinese people with the government was, according to the available indicators, very high and stable, possibly to a large extent due to the improving material situation within China, which was surely helped by the cooperative and stable international environment. Hence, the 'peaceful rise' behaviour can be regarded as compatible with what the power analysis would suggest in regard to maximizing power by achieving stable domestic and international environments (Szczudlik-Tatar 2010).

However, the Chinese foreign policy started to change at the end of the 2000s. As the analysis of the assertive shift showed, this change was initially not as dramatic as the international discourse made it out to be, but a few rhetorical signals perhaps added to the international opinion accentuating the change.[4] The 2008 global crisis accelerated the narrowing down of the gap in some sources of power between China and the USA, and it led some vocal voices to exaggerate the power of China. While initially not having a major impact on the policy behaviour, this led to the changed rhetoric and the discussion stating that the period of 'biding time and hiding capabilities' is over and China can start 'making accomplishments' (Chen and Wang 2011). This is not the first time Chinese politicians made this judgement—during the 1990s, China expected that the world order would develop relatively quickly into a multipolar one. But these Chinese assessments met the hard reality soon afterwards. Few countries were willing to abandon their stable relations with the global hegemonic power protecting them, and China witnessed the dominance of the US power during the Gulf War in 1991, the Taiwan crisis in 1995/1996, the Serbia bombing in 1999, and the relatively swift initial

[3] For a thorough discussion about the Chinese domestic debate about the concept of the peaceful rise, see Mierzejewski (2012).

[4] Such as already quoted comment by Yang Jiechi (Chap. 1) about China being a big country and others being small (Blumenthal 2010).

military victories in Afghanistan after the 9/11 terrorist attacks (Shambaugh, 2002, pp. 1–8). Today, China is closer to the USA than 20 years ago when it comes to economic and military sources of power, but as the multidimensional model of power suggests, important structural factors seriously hinder China's power, in particular the geopolitical factors. Besides that, the Chinese economy and military are still far beyond the developed world in terms of quality, and even their shares in global and regional terms should not be exaggerated. The combination of these reasons might again prove China's plans in the 2010s unrealistic, similarly to those in the 1990s, notwithstanding the major improvements in its economic and military sources of power.

So far, the results of the Chinese assertiveness are not positive from China's perspective, and if the Chinese assertiveness indeed is a reaction to what China perceives as a worsening of the international environment, as this book suggests, then its attempts to respond to the worsening proved to be counterproductive. In particular, the growing unease around the region and beyond it about China's behaviour affected its soft power and also the geopolitical situation, with the regional countries moving closer to each other and being more willing to rely on external help, including help from the USA, Japan, or India. In particular, the structural dimension is crucially important and it presents real limits to China's power. China improved its strategic position on the ground thanks to its reclamation and construction works and related activities, but the costs are high, and the issue will likely remain an apple of discord in the regional politics. If the Chinese gambit was intended to test the willingness of the USA and its relations with Asian partners, then it proved to be unsuccessful so far.[5] The existing partnerships of the USA in the region are becoming stronger, and new informal partnerships between the USA and the regional countries are being fermented while excluding China. This might suffice to say that the Chinese attempt 'failed', like the similar Chinese attempt in the 1990s.

While throughout the book the text focused exclusively on past developments, and any potential future development was left aside, the current place invites some thinking about what is to come. Chinese public diplomacy and attempts to change this situation on the structural level will be one of the most interesting aspects to study in the foreseeable future in terms of China's foreign policy and its attempt to increase its power. What China needs foremost is to persuade other countries to treat it at least in the same way as the USA, if not to enter straightaway into a formal alliance with China and abandon their 'special relations' with the USA. Yet, the continuous hard hand approach of China in dealing with problematic international issues, although arguably still restrained, does not suggest that any 'reverse shift' is about to happen. The Chinese behaviour continues to ignore the worsening international environment, exchanging it for improved tactical positions on the ground (Raap-Hooper 2016). It remains a question whether China's opponents will get used to the changed status quo and their relations with China will improve after some time. If China manages to improve its relations with other countries and stabilize

[5]This was suggested by Friedberg (2015).

the international environment while preserving its acquired position, then its gambit will be proven successful.

This behaviour of China creates some implications for the regional and even global international politics. One of the direct findings of this book shows that the international discourse of an assertive China was exaggerated at the beginning, but the Chinese assertive behaviour then 'grew' to catch up with the discourse. From China's perspective, this shows its inability to control the international discourse and its own international image. The fact that the worsening image of China might have developed without any relation to the actual behaviour of China shows serious limitations of the Chinese public diplomacy and its lack of control over its own soft power. Alternatively, China needs to rethink its messaging since a few of the rhetorical signals it sent might have had more influence on the international perception of China than its behaviour on the ground. This does not suggest that 'talking peacefully and acting aggressively' would be a potentially feasible way to engage with the international public opinion. Yet, it does seem that 'talking aggressively and acting peacefully' might still lead to a worsening of the country's image and position. Moreover, the long-term positive behaviour can very easily be wasted by a few symbolic negative steps.

From the perspective of China's opponents, the rise of the assertive discourse and the consequent rise of China's assertive behaviour point towards the danger of a self-fulfilling prophecy.[6] It is open for discussion whether the narrative of an assertive China served the interests of some countries. It certainly allowed the USA to strengthen its relations and positions in the region, while on the other hand, it created more commitments in the context of its decreasing military spending. For other regional countries, the renewed presence of the USA might be a useful means to improve both their international economic and security standing. However, the rise of the assertive China and the possibility of China becoming even more aggressive are probably in no one's interest. In fact, the doomsday scenario for most of the regional countries is one in which they would have to choose between China and the USA (Tellis et al. 2012). Their ideal situation is to have stable and balanced relations with both of them and also with other external countries to hedge against the possibility of them becoming too dependent on any single partner.

Finally, from the most general perspective, the findings of this study give a reason for some cautious optimism regarding the international politics in the future. China's rise to a superpower status is unlikely to be achieved in a similar way as that in which the past superpowers achieved theirs—that is, by a major military conflict. China has every motivation to avoid this scenario and to continue its rise within the system, even though it would try to reform it so that it would be more suitable to its new position and to the changed distribution of power. The existing hegemonic superpowers and other satisfied status quo powers might feel uncomfortable with the growing China, but the last thing they would want is to engage in a major armed

[6]Neack (2008, p. 19). A similar conclusion on a smaller scale for the period of 2009–2010 was reached by Scobell and Harold (2013).

conflict. Relatively minor conflicts and a certain level of brinkmanship will probably remain the reality, but the most consequential competition will be conducted elsewhere.

Accepting that the basic goal of a state in the anarchic international system is to strive for power (Thayer 2010), it should be acknowledged that the nature of power in the twenty-first century is much different than it was a century or more ago. Power should be still seen as the core concept of international politics, but its understanding must be updated according to the changed reality. As Brooks and Wohlforth (2016) observe, 'this is not your grandfather's power transition'. Non-material sources of power now play a bigger role than the material ones on perhaps every level. Moreover, the availability of nuclear weapons effectively gives a considerable number of states 'veto power' over developments they would deem as vitally dangerous.[7] Major security threats are increasingly asymmetric, and the capability of governments to deliver an effective performance will be crucial in security as well as in economy.

Aggressive steps of states nowadays are punished by the states' worsening image and, by implication, also by a worsening of their structural environment. The domestic and international public opinion are harder to ignore, as they must be considered as another highly relevant battlefield or perhaps a 'playground' where military weapons are not omnipotent. The bleak scenario of power politics in the nineteenth and, in particular, the twentieth century leading to total systemic wars is unlikely to repeat in the twenty-first century just because states still want more power. Maximizing of power today is less likely to be achieved by major aggression, expansion, or annexation[8] and much more likely to be achieved by substantial influence over structural factors driven by factors such as soft power, increasing of technological capabilities by innovations, producing appealing cultural products, having a widely admired lifestyle, etc. It does not make the international politics automatically 'nicer', but it certainly does make it more complex. The international politics today, including the relations between China and the world, is going to be like a 'football game rather than a boxing match'.[9]

7.3 Postscript: Trump and the Power Dynamics in East Asia

The period under investigation in this book ends in early 2016, and most of the text was produced before the end of 2016. Hence, the ascendancy of Donald Trump to the office of the president of the USA was excluded from the analysis. As this book

[7]The concept of the 'veto-power' system was developed in Kaplan (2005).

[8]A book about decreasing violence in the world was Pinker (2011). His argument was not generally accepted; see, for instance, the debate between Pinker et al. (2013).

[9]Yan and Qi (2012); a conflicting view is held by Thayer (2005).

goes to press in mid-2017, however, the Trump presence does invite some initial assessment and discussion about the expectations of its impacts on the future power relation of China and the USA based on the framework of this book, particularly the model of power. Arguably, Trump does change certain aspects of the whole power dynamics in the region, although it does not require me to rewrite the whole book (obviously, the discussion about the triggers of the Chinese assertiveness—which is the book's main goal—is left intact, since it is now a historical affair already).

It would not be a major revelation to claim here that many of Trump's policies actually negatively affect the power of the USA—various authors and commentators have argued so before [See, for instance, Engelhardt (2017), Gerson (2017), O'Hanlon and Rivlin (2017). For an alternative view see NPR (2017)]. However, the model of power presented in this book and also its applications are well suited to showing exactly where and how the power of the USA will be impacted and how China might benefit from this. An attentive reader must have noticed the argument in the previous pages that the main reason why the USA remains much more powerful in East Asia (but elsewhere in the world too for that matter) than China is the significantly better American geopolitical position, which is partly aided by its soft power. To put it simply, the USA has many reliable allies and friendly countries pretty much everywhere in the world, while China has barely any partners it can rely on or which can be useful for achieving Chinese goals. Hence, in the context where China is catching up with the USA when it comes to economy, and its military capabilities are approaching the level where China can exercise its veto over certain regional affairs, the American power is significantly increased by other countries in the 'middle powers' rank and beyond (Fels 2017), eventually making the 'anti-China' camp unreachable at least for decades to come. Not only did the USA objectively enjoy the position of an external security guarantor thanks to its material capabilities, but it even managed to hold a stable soft power position—which was certainly more positive than the one of China, as was discussed previously. These observations have not been overlooked in China, and some of the Chinese realist-leaning authors argued that in the current international context, the best way to increase the power of a country is for it to find new friends (Yan 2006).

From this perspective, what Trump has done in his first months in office can hardly be assessed in any other way than by calling it a blow to the major corner stones of American power in the region (but globally as well). Firstly, Trump seems to largely overlook the importance of the alliances the USA sustains worldwide. Granted, he did come a certain way from his initial remarks about the 'obsolete NATO' to a more traditional perception of it, but doubts about his willingness to respect the American alliance duties are stronger than ever, and they are especially questioned in East Asia, which is facing the growing Chinese military might. Trump simply seems to focus too much on the direct (financial) price the USA pays to its allies for military assistance and security guarantees, and he overlooks the medium- to long-term benefits his country is getting from these engagements.

Secondly, Trump's non-conventional appearance and particularly his outspoken slogan of 'America first' and all the buzz around making the USA benefit from its international interaction are unlikely to go down well with American partners. If

anything, this policy simply and explicitly states that the USA is acting in its own interest and nothing else. Trump's position on the climate change issue is a good example here, and it is seen very critically by many. Moreover, Trump is clearly a very atypical American president, and in many ways, he seems to part with what are universally seen as American values—democracy, respect for human rights, human dignity, gender equality, freedom, etc. In connection with this, it is not surprising to see that already the first reports show that the American soft power in the region is diminishing (Wike et al. 2017; Panda 2017). In fact, it is hard to imagine how Trump with his approach would not lead to decreases of American soft power in relation to the established American partners.

Thirdly, Trump's economic policies are questionable at best, and their geoeconomic impacts can already now be labelled as negative. Trump has built his domestic position around promises to lower middle-class people who feel left behind in the globalized and quickly developing world. Yet it is extremely doubtful whether his policies actually can improve the position of the very social classes he claims to represent. Also, overall, his demands for returns of manufacturing jobs might be simply just instances of him misunderstanding how the modern economy works and what the basic pillars of American economic strength in the twenty-first century are. With a slight irony, we can make the analogy that the UK of today can hardly rebuild its former fame by coming back to the textile manufacturing on which its superpower position was based in the nineteenth century. From the perspective of international institutions and geoeconomics, Trump's decision to leave the TPP basically equals a statement saying that the USA is abandoning the position of the architect of the newly emerging regional economic institutional structure in East Asia and leaving a space for China to step up its own initiatives—be it the RCEP or the Belt and Road Initiative.

Japan and its international behaviour since Trump was elected and later on assumed the presidency is perhaps the best example of how the USA's position in the region could be changing and what effects it might have. An unwavering American ally, Japanese Prime Minister Shinzo Abe rushed to meet Mr. Trump as the first world leader to do so right after his election and then went out of his way to see President Trump as soon as possible after he entered the office. His motivation was relatively clear—he wanted assurances that no major change in the US security and economic policies towards Japan and the region would take place. Abe's attempts notwithstanding, Trump still decided to leave the TPP—a supposed-to-be future cornerstone of the American geoeconomic position in the region and a project in which Japan invested quite a lot of political capital domestically and internationally. As a result, the remaining countries in the TPP struggle to get the deal going without the participation of the USA (for the time being, at least), although its calculated benefits will be much lower without the USA than they would have otherwise been (Bloomberg 2017). Japan, for its part, is going further, and it seems to be opening to China. Abe suddenly signalled Japan's willingness to participate in Xi Jinping's flagship Belt and Road Initiative and to join the Chinese-tailored Asia Investment and Infrastructure Bank (AIIB)—both of which it opposed with criticism and ostensibly ignored only recently (East Asia Forum 2017). On the

soft power front, Japanese people have a sceptical view of Trump as a person, and their positive views of the USA as such decreased considerably (Wike et al. 2017). Looking at other relevant countries in the region might reveal similar patterns as those in Japan.

From this brief analysis of Trump's impact on American power in East Asia, it does seem that the USA, to some extent at least, is leaving the show and inviting China to take its place. Yet, obviously, this is not how Trump probably perceives it. Some of the messaging of his administration indicate, in fact, quite the opposite. Trump intends to spend more money on the military, and he has sent signals (although ambiguous ones) that he wants to be more active in solving some of the regional issues—this includes not only the SCS, but also North Korea, Taiwan, and perhaps others. The question then is really whether the growing emphasis on the military and the related adjustments of the American strategic goals will be successful in preserving the regional order in the way the USA wants it to look. In light of the analysis presented here, it seems that the answer should be 'no'. As was argued, the major limitations of Chinese power are in geopolitics and soft power—and exactly these two areas of power sources seem to be affected (negatively, from the American perspective) the most by Trump. Obviously, only the future will tell how accurate this analysis is, but if it was claimed in relation to China's power that a simple growth of the military and the economy will not be enough for the country to become a regionally dominant player, in the same vein, it can be restated that it will not be enough for the USA to remain the dominant power in the region if it only relies on its own military might. In other words, the key to a dominant position in East Asia in the twenty-first century seems to be 'winning the hearts and minds' of relevant actors.

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