

## Three dimensions of Chinese foreign policy – history, politics, and economics

This issue contains four articles in a special section about Chinese foreign policy in the contemporary era, focussing on three dimensions: history, politics, and economics. A fifth paper will be published in the following issue of *Asian Education and Development Studies*. This project is the result of collaboration between the Global Forum of Chinese Political Scientists and Liaoning University School of International Studies. In the Summers of 2016 and 2017, the Global Forum and Liaoning University co-hosted two international conferences on the political and economic interactions of countries in East Asia. Most of the articles in this issue were originally written by participants in the two international conferences.

Chinese foreign policy has been undergoing major transformations in recent years. Tao Guang Yang Hui (keeping a low profile) seems to be a thing of the past, giving way to You Suo Zuo Wei (getting some things done). Under the strong leadership of President Xi Jinping, Chinese foreign policy has become more active, global, and sophisticated. On issues regarding China's sovereignty, such as the South China Sea dispute, China's policies seem to have become more assertive.

China is also more involved in global governance now. It first proposed the establishment of the Asian Infrastructure Investment Bank (AIIB) in 2013. In 2015, the AIIB went operational with headquarters in Beijing and has provided valuable support for development projects in many Asian countries since then. The AIIB has quickly emerged as a dynamic international financial institution with members from countries in every continent. In 2015, China also worked with other BRICS nations and established the BRICS Development Bank with headquarters in Shanghai, which promotes further financial and economic cooperation among the five emerging economies.

China's most ambitious foreign policy project in recent years has been the One Belt One Road, or Belt and Road Initiative (BRI). First unveiled by Xi Jinping in 2013, the BRI has become one of the largest infrastructure and investment mega projects in history, covering more than 68 countries, equivalent to 65 per cent of the world's population and 40 per cent of the global GDP as of 2017. The BRI contains the land-based Silk Road Economic Belt and the ocean-going Maritime Silk Road and aims to enhance connectivity and cooperation among countries along the routes, particularly Eurasian and African countries. Countries in faraway places such as Latin American have expressed interest. The BRI idea may come from China, but the dividends of cooperation are for all participating countries to share.

In big power diplomacy, China has proposed the "New type of great power relations", particularly with the USA, but also with Russia, EU, and Japan, in an attempt to promote cooperation and friendly competition and avoid conflict associated with the global power transition, or the so-called "Thucydides' Trap".

Despite China's enhanced power and growing influence globally, China faces some serious challenges in its foreign policy. In its neighbourhood in particular, China continues to be frustrated by disputes in the South China Sea and East China Sea and tensions on the Korean Peninsula. In cross-Taiwan Strait relations, Beijing remains disappointed at no major breakthroughs despite its preferential economic policies towards Taiwan. The USA is unlikely to give up the Taiwan card any time soon, which is evidenced by the unanimous passage of the Taiwan Travel Act by both houses of the Congress in 2017 and 2018, respectively, and signed by President Trump in March 2018. India remains opposed to the BRI, especially the China-Pakistan Economic Corridor that passes through the



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controversial Kashmir. Japan remains uncomfortable about China's continued rise and has worked with India to propose an Asia–Africa Growth Corridor to counter China's BRI.

China's international image still needs to be improved. For example, China is perceived to be bullying small countries in its neighbourhood. And in Africa, China is often criticized for not helping promote governance, environment or human rights while focussing on trade and investment. Not all such charges against China hold water, but China does need to work hard and do a better public relations job to promote an image of an opening, peaceful, and responsible power. In other words, China needs to enhance its soft power in its foreign policy.

The four articles in this special section address various aspects of Chinese foreign policy today, including historical, political, and economic dimensions. In the field of international relations and foreign policy analysis, ideas are always critical to any changes of a country's foreign policy. A country's domestic politics and foreign policy will be heavily influenced not only by the changes of tide in the contemporary world politics, but also by traditional thinking and heritage. Quansheng Zhao's article seeks to understand the role Confucianism plays in shaping Chinese domestic and foreign policy by looking at historical trends and contemporary developments and arguments posed by leading scholars. The article finds that Confucianism has had a significant impact on the contemporary Chinese politics and foreign policy; however, it has been a selective application. In particular, the Chinese Government has focussed on the traditional Confucian moral framework and the mandate to rule, which has allowed the Chinese Government to work towards further securing its right to rule and exercising a more assertive foreign policy abroad. The analysis covers recent debates about the role of Confucianism from several leading contemporary thinkers. It also makes some brief comparisons between China and other East Asian societies, including Japan and Korea.

China's investment overseas has resulted in a lot of discussion among scholars and the general public. In global investment, typically the money flows from developed countries to developing countries. After 1978, China quickly became a major destination of foreign direct investment. While a major recipient of foreign investment, China has long been a major investor in the developing world. However, in the past decade, China has invested enormously in the developed world, chartering a new territory in international political economy. Zhiqun Zhu's article deals with China's investment in the USA and its impact on US–China relations. *Yin jin lai* (bringing in) and *zou chu qu* (going out) have been an integral part of China's "reform and opening up" since 1978. From 1978 to roughly 1990, China focussed on bringing in foreign direct investment. After 1990, it began going out in earnest as part of its new diplomacy. Between 1990 and 2005, China's outbound investment concentrated in the developing world. Since 2005, China has expanded its overseas investment to the developed world and in recent years such activities have accelerated, with large mergers and acquisitions in all major Western economies. This qualitative transformation of China's global business expansion is taking place as China is poised to overtake the USA to become the largest economy and as US–China strategic rivalry intensifies. What explains China's growing investment in the USA? How will it affect US–China relations? What challenges do Chinese businesses face in the US markets? Through empirical analysis, this preliminary study examines the rationale, strategies, and impact of Chinese investment in the USA.

In the past 50 years, East Asian countries have experienced rapid economic growth and as a whole gradually formed regional division of labour driven mainly by the force of market. With the shift of economic power from the west to the east, East Asia is more confident now, as "the Asian century" is often mentioned in the related literature. However, the outbreak of the global financial crisis in 2007–2008 caused East Asian economies to suffer from a severe setback, including a sharp drop in exports, cascading decline of the stock market and economic slowdown. The crisis exposed the limitations of trade pattern

and regional production network that had underpinned East Asian prosperity and has posed a great challenge to its future development. Liu Hongzhong and Daqian Shi's article addresses the issue of China's role in the new round of restructuring of regional division of labour in East Asia. In the aftermath of the crisis, rebalancing of East Asian economies has become a research subject by many economists. It is also an important agenda of strategic readjustment in almost every East Asian Government. So while trying to get rid of passive influence of the crisis, most of East Asian countries attempted to go beyond the limitations of current trade pattern and production network and push the region to reopen a new round of readjustment of division of labour. In view of this, what is the direction of such readjustment? What kind of role would China, as a core actor, play in this historical readjustment? These are some of the questions the article tries to answer.

Song Guoyou's article (which follows in the next issue of *Asian Education and Development Studies*) deals with how China's economic strategy in Asia has emerged along with China's rising economic power. China's economic strategy is designed not only to consolidate China's economic interest but also to safeguard China's political and security interests in Asia, which embodies five major aspects including the expansion and upgrading of free trade agreement network, promotion of RMB internationalization, proposal of the BRI, stabilization of China-US economic relationship and adjustment of the domestic economic structure. In promoting its Asia economic strategy, China faces many challenges including the diversion of President Donald Trump's economic policy, the increasingly complex security situation on the Korean Peninsula, growing difficulties in the adjustment and coordination of the domestic economic structure, etc. In general, China's economic strategy is a process of constant cooperation, integration, participation and shaping, offering an alternative other than the USA to countries in Asia for their economic development.

Japan is the first Asian country to become industrialized. Japan's post-Second World War economic strategies such as the "developmental state" have been borrowed by the four Asian tigers and China. As a leading industrial power, Japan's experience provides lessons for developing countries. Shigeki Shibata's article deals with common problems facing emerging countries, using Japan as the case study. Emerging countries' dilemmas result from high growth rate in the manufacturing and heavy industries such as income gap, trade friction, and environmental issues. They also derive from the fact that emerging countries have external dependency because they require market abroad (export), investment (capital inflow), and high technologies (multinational corporations) in order to achieve further economic development. The article examines how Japan solved trade friction and unequal treatment abroad as a rising power. When Japan developed its international economic policies, it attempted to reduce Western countries' restrictions on its main exports while promoting international trade and upgrading its international status. Japan's transition from an emerging country to a problem-solving advanced country is significant for China as it learns to become a global power in the twenty-first century.

Together, the five articles introduce readers to the key aspects of Chinese foreign policy – its historical and political roots, its growing global footprints, its challenges to adjust to the changing international conditions, its new strategies for economic diplomacy, and what it can learn from past emerging powers such as Japan in order to manage its transition smoothly.

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