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**THE ROLE OF VALUES AND INTERESTS IN CHINESE  
FOREIGN POLICY**

Master's Thesis

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I declare I have written the master's thesis independently.

All works and major viewpoints of the other authors, data from other sources of literature and elsewhere used for writing this paper have been referenced.

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# TABLE OF CONTENTS

<b>ABSTRACT</b> .....	1
<b>INTRODUCTION</b> .....	2
<b>1. THEORETICAL FOUNDATION</b> .....	6
<b>1.1. Chinese Interests</b> .....	6
<b>1.1.1. Realism in International Relations</b> .....	6
<b>1.1.2. Offensive Neorealism by John Mearsheimer</b> .....	10
<b>1.1.3. Developing an Interest based Hypothesis</b> .....	15
<b>1.2. Chinese Values</b> .....	18
<b>1.2.1. Social Constructivism</b> .....	18
<b>1.2.2. Norms and Foreign Policy Decision Making</b> .....	21
<b>1.2.3. Developing a Value based Hypothesis</b> .....	24
<b>2. METHODOLOGY AND METHODS</b> .....	35
<b>2.1. Methodology</b> .....	35
<b>2.2. Foreign Policy Analysis</b> .....	36
<b>2.3. Case Study Research</b> .....	38
<b>3. TWO CASE STUDIES OF CHINESE FOREIGN POLICY</b> .....	41
<b>3.1. Case Study 1: Taiwan</b> .....	41
<b>3.1.1. Background</b> .....	42
<b>3.1.2. Analysis</b> .....	48
<b>3.2. Case Study 2: Japan</b> .....	51
<b>3.2.1. Background</b> .....	52
<b>3.2.2. Analysis</b> .....	57
<b>CONCLUSION</b> .....	61
<b>REFERENCES</b> .....	64

## **LIST OF ABBREVIATIONS**

ADIZ	Air Defense Identification Zone
CCP	Chinese Communist Party
FDI	Foreign Direct Investment
KMT	Kuomintang
ODA	Official Development Assistance
PRC	People's Republic of China
ROC	Republic of China
UN	United Nations

## **ABSTRACT**

Many different interpretations of Chinese foreign policy do exist. These are centered around either values or interests, and come to very different conclusions. This research analyzes the role of values and interests in Chinese foreign policy, to achieve a deeper insight into this issue. The paper will show that it is possible to utilize two different theories of International Relations to identify relevant values and interests. These theories are Offensive Realism and norm focused Social Constructivism. Chinese values derive from Confucianism and are mostly defined through the Five Principles of Peaceful Co-Existence and the harmonious world concept. Chinese interests, in turn, are defined by their ultimate goal to make China a regional hegemon. The paper analyzes the role of these values and interests in two case studies: The cooperation and conflict in the Sino-Taiwan and Sino-Japan relations. The analysis comes to the conclusion that it is possible to analyze the role of values and interests with the help of two hypothesis derived from the theories, which are each based on values or interests. The general conclusion is that values play an important role for general foreign policy goals, while interests have stronger role in security issues.

**Keywords:** China, Foreign Policy Analysis, Social Constructivism, Offensive Realism, Sino-Japanese relations, Taiwan issue, role of values and interests

## **INTRODUCTION**

China used to be a troubled nation held back by communism, dictatorship and historical underdevelopment throughout most of the last Century. But this is a situation that has changed massively, especially in the last two decades. China has become a major global power and receives much attention from all over the globe. Furthermore China has become the second biggest economy of the world and might even overtake the USA around 2025. (Shambaugh 2013, 4) While China used to be a country which was only impacted by the rest of the world, is China now is a country important enough to considerably impact the world itself. Today's China is an active player in the international system, involved in several international conflicts. The Chinese decisions in these international issues have the potential to impact not only the Asian region, but also the international system as a whole. According to the Pew Research Center already in 2011 many people perceived China as the upcoming new global superpower. The research center polled the public view on China in 25 nations, in 15 of those the majority's opinion was that China would take, or already has taken, the dominant position of the USA. (Pew... 2011) This shift in the importance of China led to very different perceptions and interpretations on what kind of country China is and how China will influence the rest of the world. Yet it is remarkable to note how vastly different some of these interpretations of Chinese foreign policy are. The interpretations of the impact of China's foreign policy range from China as the new hope of international peace to China as the new global threat.

Authors of books like "The New Chinese Empire" (Terrill 2003), "Hegemon: China's Plan to Dominate Asia and the World" (Mosher 2000) or "The China Threat: Perceptions, Myths, and Realities (Yee/Storey 2002) discuss how China will pursue its interest aggressively and how China will impact the current world order to fit its interests. These interpretations

usually argue that China could ultimately clash with the USA in a struggle for supremacy. This is usually referred to as the “China Threat” interpretation. But this interpretation is contested by other authors which support a “Peaceful Rise” opinion on China. In many cases such authors discuss how Chinese foreign policy is characterized by its unique values which are different from the values of the western oriented international system and which will leave a positive imprint on the international system. (Callahan 2014,18-19) And in the most extreme cases some, usually but not always Chinese authors, argue that China has a foreign policy guided by core values. One of these academics is professor Lihua Zhang from the International Studies Institute of the Tsinghua University. She describes how China is influenced by its values and acts in a way that could lead to a harmonious world with successfully achieved world peace. This argument clearly contains the assumption of Chinese uniqueness based its unique values. (Zhang 2013) Following this argumentation China could be perceived as a savior for the conflict ridden international system.

This astonishing contradictions makes Chinese foreign policy a worthwhile object of academic research. The range from China as threat to China as a moral force is very big and makes it difficult to interpret Chinese foreign policy. Lack of understanding of the actions of a global power can be seen as a serious problem, which could lead to unrealized potential in the best case and to unnecessary conflict in the worst case. The two different interpretations of Chinese foreign policy show that there are very different understanding of the role of values and interest in Chinese foreign policy. Is China a unique actor driven by moral values with the potential to transform the international system for the better? Or is China an egoistic interest-driven actor that will lead the world into a new conflict between contesting superpowers? In order to understand and evaluate these different interpretations of Chinese foreign policy it would be necessary to understand what values and interests are to be understood in the context of foreign policy. This paper will take up the task of understanding Chinese foreign policy by analyzing the role that values and interest have for Chinese foreign policy. Knowledge on the nature of Chinese foreign policy gained this way could help to evaluate China as a global actor. This would resolve the problems connected with the non-understanding of China as a global actor. In order to do so, this paper attempts to answer the following research questions: What are the specific values and interests which have the potential to influence Chinese foreign policy? And what role do values and interests play in Chinese foreign policy?

The approach to answer these question will be to utilize two different theories which each can be used to explain either values or interests in International Relations. This step is important as it allows to apply theoretical frameworks for the application and understanding of both terms. Without this step the analysis of values and interests in Chinese foreign policy would be in the danger of drifting into arbitrariness. The two theories of International Relations which will be used are Offensive Realism and Social Constructivism. These theories emphasize either values and interests within their framework and resemble roughly the different interpretations of Chinese foreign policy. Using them allows us to identify what the relevant Chinese values and interests could be. Both theories will provide different theoretical frameworks for the understanding of Chinese foreign policy. To overcome this potentially contradicting framework and to compare the impact of values and interests on Chinese foreign policy case studies will be used. By testing two conflicting hypothesis, one value based and one interest based, it will be possible to compare both hypothesis within the case studies. This will ultimately allow conclusions on the role which values and interests could have on Chinese foreign policy.

At this point it should also be mentioned that this application of two different theories does not equal a dichotomy between Offensive Realism and Social Constructivism. This is only the approach which is used in this paper, there might be many different ways to theoretically understand interests and values. Especially the major school of Neoliberalism is ignored within this analysis, although Neoliberalism might have shown a very different understanding of the role of interests. The interests based hypothesis introduced in Chapter 2 would have been very different in this case, and either different case studies or a different focus within the case studies would have been necessary. Offensive Realism was chosen over Neoliberalism mainly because Realism in general does better reflect the interests based worldview of China as a potential threat. But a more comprehensive analysis should maybe also have included Neoliberalism into the analysis.

The first part of the paper, the theoretical foundation, will elaborate how two different theories of International Relations can describe values and interest as part of foreign policy decision making. It is important to understand these theories in detail if they are to be applied to examine Chinese foreign policy. This allows us to see what the strengths and weaknesses of both theories are. The first theory is Realism in general, and Offensive Realism in particular. This will provide the theoretical background to understand Chinese interests and will also show



how the focus on interests is connected to the pessimistic world view of the “China Threat” interpretation. Social Constructivism will be the second theoretical approach. Social Constructivism provides a different perspective on foreign policy which allows us to understand how unique Chinese values could have impact on foreign policy. Chapter 2 will then discuss the specific methods which are used to answer the research questions. The two core issues are how foreign policy can be analyzed and how case study research is being conducted for the purpose of this paper. With the hypothesis developed in Chapter 1 and the methods introduced in Chapter 2 it will then be possible to analyze the role of values and interests in Chapter 3. Chapter 3 will apply those hypothesis to two case studies of Chinese foreign policy. These two case studies will be the Chinese foreign policy towards Taiwan and Japan. The analysis of the case studies aims to create a deeper understanding on the roles which values and interests do play. The analysis comes to the conclusion that values and interests indeed play an observable role in Chinese foreign policy decision making. Yet it is difficult task to differentiate the impacts which values and interests have. Interests play a stronger role in security issues than values, while values play a more dominant role with the economic relations of China. But overall, it seems that the goals of Chinese foreign policy are stronger influenced by values, while interests play a stronger role while dealing with potential security issues.

# **1. THEORETICAL FOUNDATION**

This chapter will review the theories that will be used to analyze interests and values in Chinese foreign policy. Both theories, Offensive Realism and Social Constructivism, will be explained in greater detail, including an overview of their development and context. After that will this theories be used to identify values and interests in Chinese foreign policy. This will make it possible to formulate the two hypothesis which will be used in the case studies to analyze the role of values and interests.

## **1.1. Chinese Interests**

### **1.1.1. Realism in International Relations**

The first theoretical approach which needs to be explained in order to understand interests as understood in this paper is Offensive Realism. Offensive Realism is a sub-theory of Neorealism. Neorealism stems from the classical theoretical approach of political realism, which could be referred to as “Realpolitik” or “Power Politics”. Political Realism, hereafter referred to only as Realism, and Neorealism together make up the most prominent and widespread theories of International Relations. Even if Realism and its shortcomings are at the core of critics of many other theories of International Relations, Realism and its sub-schools

still provides a strong analytical framework for the understanding of many problems of International Relations. (Donnelly 2005, 29) Realism in international relations does not have an explicit definition. According to Jack Donnelly “[t]he definitions [...] share a family resemblance, even though no single set of elements can be found in each”(Donnelly 2000, 9). Yet it can be said that the different approaches still do share the focus on power and interest in International Relations and their “intellectual style is unmistakable” (Garnett 1984, 29) Thus it is possible to say that although there is no agreed-upon definition of Realism, it is still possible to bring together a range of definitions of Realism by different prominent scholars and to find their common features. Realists in general assume human selfishness, also referred to as egoism, and an anarchic international system. (Donnelly 2005, 30) This “conjunction of anarchy and egoism and the resulting imperatives of power politics provide the core o[f] realism.”(Donnelly 2005, 30) Other core aspects which are often part of realistic thinking are the assumption of rationality and state-centrism. (Keohane 1986, 164-5) Beyond this, it is possible to divide Realism into Classical Realism and Structural Realism.

Classical Realism is most prominently represented by Thomas Hobbes, and sees the reason for egoistic behavior in the nature of men<sup>1</sup> (Hobbes 1651, 102-106). This approach used to be very popular. But during the last decades Structural Realism has become more prominent than Classical Realism. Structural Realism, also referred to as Neorealism, does not emphasize the conflict driven nature of humans but instead the structure of the anarchic international system as the main reason for conflict. This creates a completely different focus of attention than in Classical Realism. The most prominent thinker of Neorealism is Kenneth Waltz who lay the foundation for Neorealism with his writings “Man, the State and War” in 1954 and “Theory of International Politics” in 1979. (Donnelly 2005, 31) Waltz structural approach to International Relations abstracts states into merely units of an international system which are only defined by their capabilities in comparison to the capabilities of the other units. This is a top-down approach to International Relations which stands in sharp contrast to the bottom-up approach of Classical Realism. According to Waltz, all political structures can be described by their ordering system, differentiation of functions and distribution of capabilities of its units. The ordering system could be hierarchic or anarchic. The hierarchic system would be

<sup>1</sup>In line with 17<sup>th</sup> century habits Hobbes speaks only of men at this point

characterized by a relationship of authorities and submission between the units, while an anarchic system would be characterized by the lack of it.

With that the hierarchic system does allow cooperation between its units by providing security. But in an anarchic system creates the lack of security conditions of self-help. While units could adopt specific functions through cooperation within a hierarchic system, is this not possible with the anarchic system. Instead units have to be distinguished after their capabilities. This logic leads to the assumption that for states being part of such an anarchic system, their domestic affairs is of little significance for analysis. Only their capabilities are of interest. Waltz argues that such anarchic systems are defined by the number and distribution of states with very high capabilities, i.e. great powers. All the other states can make the fundamental decision between balancing and bandwagoning. Bandwagoning in this context would mean to side with the strongest actors of the system as this has the highest chance to great positive gains. This would make sense as course of action within a hierarchical system, as within such a system the security of all units would be ensured. Therefore all states are safe to pursue the increase of their gains. But this is different in an anarchic system, where the security of the single units is not ensured. This means that actions, which aim to increase gains, can also help other states to increase their own gains. At a later point this could backfire, as there is no guaranty of safety against these other states. "If states wished to maximize power, they would join the stronger side, and we would not see balances forming but a world hegemony forged. This does not happen because balancing, not bandwagoning, is the behavior induced by the system."(ibid. 126). This means great powers will avoid siding with each other and weaker states, which might be forced to take one side or the other, will try to opt for the weaker side.

The logic behind this balancing decision, which ultimately argues that rational actors act against maximizing their interest, can be explained with the well-known prisoners dilemma. The prisoners dilemma is a game of two prisoners which are taken into prison separately. Both are given the choice to make testimony against the other prisoner, which would lead to a weaker sentence for the prisoner giving testimony. But the prisoner on the receiving side of the testimony receives the harsher sentence, harsher than usually. Both prisoners would have no means to communicate with each other. This situation creates a certain set of possible outcomes with different harsh sentences for the two prisoners. The figure 1 shows the different outcomes with numbers which represent the positive gain of the outcome in an abstract form. Staying silent would arguably bring the best results in this situation, as both prisoners get an outcome

of 3, making it 6 in total. But in order to achieve this outcome both prisoners would have to cooperate. Giving testimony yields a higher personal gain when staying silent, and being on the receiving end of the testimony yields the worst gain of 0. Therefore both prisoners have to fear the other prisoners testimony, which creates a strong incentive give testimony in order to avoid the worst outcome. And finally both prisoners would give testimony, realizing the worst total outcome of 2. (Axelrod 1980, 4)

		Prisoner 2	
		Stay Silent	Give Testimony
Prisoner 1	Stay Silent	3,3 <sup>2</sup>	0,4
	Give Testimony	4,0	1,1

Figure 1. Possible outcomes of the prisoners dilemma

Source: (Axelrod 1980, 5)

This Prisoners Dilemma shows how the logic of the situation, where the fear of betrayal by other parts of the system, will lead to an incentive to defect, or in terms of Neorealism, to balance against other units in the system. If a state decides to bandwagon instead of to balance, this states risks betrayal and the worst possible outcome. Another aspect of the anarchic international system is the distinction of relative and absolute gains. Normally states would be as rational actors eager to maximize their profit from their actions. But within the anarchic system states are subject to the relativity of power. If power is the means which protects the safety of a state, it is less important how much power a state has in absolute but rather how

<sup>2</sup>The first number represents the outcome for prisoner 1, and the second number the outcome for prisoner 2.

much power a state has in comparison to the other states of the system. (Donnelly 2005, 38) This means for states of an anarchic system to “be more concerned with relative strength than with absolute advantage” (Waltz 1979, 106).

These tendencies towards balancing and against cooperation do have implications for the structural nature of the anarchic system. As great powers would tend to not cooperate with each other and weaker states would balance around the great powers, there would be a tendency to create a number of poles within the international system. Following this logic unipolar, bipolar or even multipolar international systems would be thinkable. The Cold War between the United States and the Soviet Union might be the most discussed example of a bipolar system. Scholars of Neorealism would argue about the characteristics of these different system, about how stable and how conflict-rich they are. (Donnelly 2005, 38)

The elaborations up to now have shown how Waltz theory explains International Relations. States would balance and seek relative gains in order to ensure their survival. But this opens Waltz Neorealism up to a problem. This problem is the conclusion that if all states are only concerned with protecting their security through balancing, there would be a lack of aggression. States might seek relative gains and balance against each other, but they would not risk their valuable safety through risky offensive wars. The result would be a surprisingly peaceful international system. This would be inconsistent with first the empirical reality of conflicts which in fact do happen and second the claim of Realism to explain the origin of conflict. This is the point at which other realist thinkers have to be considered. Another well-known advocate of Neorealism John Mearsheimer. His own theory of Structural Realism builds upon Waltz’s theory and he tries to fill the logical gaps. Mearsheimer’s theory will play an important role for the theoretical framework of this paper, and will thus be explained in greater detail within the next chapter. (Donnelly 2005, 41-43)

### **1.1.2. Offensive Neorealism by John Mearsheimer**

The Offensive Realism theory of Mearsheimer builds upon Waltz theory of Structural Neorealism. He adopts Waltz assumptions of rational states which have to act to the best of their capabilities within an anarchic system and on how the International System can determine

the actions of its units. The big differences between Waltz and Mearsheimer lies with some of the core assumptions. Mearsheimer has a different perspective on the motives which drive states in their decision making, and on the capabilities of the states which make up the structure of the international system. Mearsheimer focuses his theory-building mostly on the great powers, as he seems them as the crucial actors within the international system. According to him the “fortunes of all states - great powers and smaller powers alike - are determined primarily by the decisions and actions of those with the greatest capability.”(Mearsheimer 2001, 5) And these great powers, Mearsheimer argues, “are always searching for opportunities to gain power over their rivals, with hegemony as their final goal.”(ibid. 29). This claim on the motives of the great powers derives from the so called five bedrock assumption on the international system. The five bedrock assumption together construct how systemic pressure forces the great powers to maximize their power and to sometimes choose aggressive courses of action. They also express the similarities between Offensive Realism and Waltz’ Structural Realism. The anarchic international system is the first of the bedrock assumptions. The second bedrock assumption “is that great powers inherently possess some offensive military capability, which gives them the wherewithal to hurt and possibly destroy each other “(ibid. 30). Therefore every great power has a reason to feel threatened in its security. As a third assumption Mearsheimer notes that no state can be certain about the intentions of other states. “Specifically, no state can be sure that another state will not use its offensive military capability to attack the first state”(ibid. 31). Mearsheimer stresses that he does not means this in a way of presuming necessarily hostile intentions for all states. But no state can be ultimately sure about the aggressive or peaceful intentions of other states. And even if peaceful intentions are given, those intentions could still easily be subject to change, and every state would have to be wary of that. The fourth bedrock assumption is survival as the main goal of all great powers. States want to protect their territorial integrity and their autonomy. “Survival dominates other motives because, once a state is conquered, it is unlikely to be in a position to pursue other aims” (ibid. 31). This makes every goal or motive of a state secondary towards the ultimate goal of survival. The last bedrock assumption is the rationality of the states. According to this assumption of rationality all great powers are “aware of their external environment and they think strategically about how to survive in it.”(ibid. 31). This means that states are aware of the consequences which their actions can have. Other states will react to those actions. Therefore, states have to include

possible reactions of other states into their own decision making. Mearsheimer also concludes that states consider the long term effects of their actions.

Together the bedrock assumptions will lead to fear, self-help and power maximization as basic patterns of behavior. If all states are rational and primarily consider security as their main concern, fear becomes a major reason of action. Every other great power could be a potential deadly enemy, and fear of being a victim as well as the fear of an unsuccessful aggressor have an impact on the behavior of states. The international system is assumed to be anarchic. Therefore states will act in the manner of self-help. "States operating in a self-help world almost always act according to their own self-interest and do not subordinate their interests to the interests of other states, or to the interests of the so-called international community. The reason is simple: it pays to be selfish in a self-help world" (ibid. 33). In consequence great powers will seek to maximize their power, because they need to be strong enough to protect themselves. They will also pay close attention to the distribution of power within the system, as this determines the threat by others they have to consider. Even if another state is a threat because of being more powerful, the fear of the consequences will hold the weaker states from war. If another state has too little power, they might neglect this state as a major threat and act accordingly. States in such a system would never really stop trying to maximize their power, even if a huge military advantage is already achieved. This is so because it is difficult to know how much of a lead is necessary to ensure security, and the distribution of power is also always subject to changes. If power is used to ensure security, shifts in power are always a zero-sum game. Should one state ensure its security by increasing its power, competing states do feel less secure because of their relatively decreased power in comparison. (ibid. 34) As elaborated in the last chapter, this dynamic is the consequence of the prisoners dilemma. But this would according to Mearsheimer not necessarily mean that cooperation would be impossible. Cooperation between states would not be impossible, but rather restrained because of concerns of relative gains and fear of cheating. States might still opt to cooperate though, because it might still be useful out of balancing considerations. But it is important to keep in mind that states even under conditions of cooperation still will always have the distribution of power and changes to this distribution in their mind. Therefore cooperation is difficult and fragile and will not change "the dominating logic of security competition"(ibid. 53).



The only way to escape this threatening situation is to achieve a level of power such that no other state could hope to catch up. This means states have to strive for becoming a hegemon. “A hegemon is a state that is so powerful that it dominates all the other states in the system. No other state has the military wherewithal to put up a serious fight against it. In essence, a hegemon is the only great power in the system”(ibid. 40). Such a great power cannot be threatened by anybody. While this means for a hegemon to dominate the entire international system Mearsheimer argues to narrow this concept down. Because hegemonic power could be separated into global hegemons and regional hegemons. Regional hegemons wouldn't dominate the entire international system but only distinct geographical areas. Achieving global hegemony is according to Mearsheimer nearly impossible, because of the physical difficulty to project (military) power over “the world's oceans onto the territory of a rival great power”(ibid. 41). And the “best outcome a great power can hope for is to be a regional hegemon and possibly control another region that is nearby and accessible over land”(ibid. 41). Furthermore, a state that has achieved regional hegemony will try to prevent another regional hegemon from emerging. Should such a new regional hegemon manage to emerge, this would mean the end of the regional hegemony status, as the existence of another status-quo power is a potential threat to the old hegemon. The reason to this lies in the nature of regional hegemons. Even if another regional hegemon would focus on a different world region could this rival hegemon pose a possible security threat to the existing hegemon. If a hegemon has an equally strong peer, than the hegemon is not a hegemon. (ibid. 42) This logic also makes large bodies of water, as a stopping power for great powers and separating the world regions, an important aspect of consideration for the actions of great powers. Bodies of water can shape and define the different world regions. And the ability of great powers to project power beyond large bodies of water can be a crucial ability for becoming a regional hegemon. (ibid. 44)

There are some additional aspects of Offensive Realism which deserve elaboration. These are the nature of power as Mearsheimer understands it, the basic strategies that determine if a state choses balancing or buck-passing and the hierarchy of the state goals. Power is an important concept within Mearsheimer's Offensive Realism . Power is the means to achieve hegemonic status, and all state have to try to strengthen their power if they want to ensure their survival. Mearsheimer distinguishes two different forms of power: latent power and military power. Even if this two forms of power are similar, so do they still represent something different. Latent power “refers to the socio-economic ingredients that go into building military power; it

is largely based on a states' wealth and the overall size of its population" (ibid. 55). .. The size of the population is important as a bigger population potentially means a bigger army. Wealth on the other hand is needed as a powerful military needs "money and technology to equip, train, and continually modernize its fighting forces"(ibid. 61).

Although Mearsheimer puts high emphasis on it, latent power is still secondary to military power and he claims that it cannot be directly translated into military power. First do states not always invest more into their military with increased wealth, as such investments are subject to diminishing returns. Second investments in the military power are of different efficiency from country to country. A highly efficient state might acquire a much stronger military than an inefficient state. And third ,states will use their investment in the military to build up different kinds of military forces. Yet are not all military forces are similarly useful in their power-projecting capabilities, and this has consequences for the balance of power . (ibid. 76) In the end it is only military power that really matters, as in the case of conflict it will be the military forces of both sides to compete. Different kinds of military power are: Sea power, airpower, land power and nuclear weapons. Mearsheimer argues that land power is more important than sea and air power. This is so because land forces have the best power-projection capabilities. With those a state has a better instrument to achieve regional hegemony . Naval forces on the other hand are subject to the "stopping power of water"(ibid. 84), because it is difficult to win with naval forces against the land forces of another great power. This as well has consequences for hegemony, as this is the ultimate reason why global hegemony is not achievable. Even a hegemon will not be able to overcome the stopping power of water, and can thus be only a regional hegemon.

Mearsheimer gives a broad range of potential strategies on how states can try to influence the distribution of power within the system in their own favor. These strategies range from war as the "main strategy states employ to acquire relative power" over blackmailing, which "relies on the threat of force" to "bait and bleed" and "bloodletting", which both focus on a prolonged weakening of the opponent. (ibid. 139) But the main strategies for preventing a change in the balance of power are balancing and buck-passing. Balancing means for states to commit themselves into deterring or fighting off an aggressor. Buck-passing on the other hand describes the strategy of trying to influence other states to take up this conflict. In the case of open conflict this could lead to so called proxy wars. This strategy is especially attractive for states that feel threatened and want to avoid the danger and costs of a potential war. (ibid. 139)

Mearsheimer rejects other potential strategies as appeasement and bandwagoning. With these strategies would the acting state dismiss the consequences of the balance of power within the anarchic international system and they are also against the logic of relative gains. Appeasement and bandwagoning would mean to increase the danger for the acting state, and would thus not be a strategy applied by a rational actor. (ibid. 162)

Last but not least it might be useful to elaborate how Mearsheimer sees the hierarchy of state goals. As already noted survival is “the number one goal of all great powers”(ibid. 46). Mearsheimer does not deny the existence of other goals beyond survival alone. Some of the other possible goals might be increase in wealth, promoting an ideology, unification movements or human rights issues. But these goals are outside the scope of Offensive Realism. Yet Mearsheimer does stress an important point regarding these non-security goals: “states can pursue them as long as the requisite behavior does not conflict with balance-of-power logic, which is often the case”(ibid. 46). So even if states have a keen interest in increasing their wealth in order to increase their latent capabilities, states will still give priority to acute security considerations. This implies that non-security goals are always secondary to the prevailing logic of survival. It might also be added that many of the non-security goals have still a potential impact on the security of a state. An increase of economic prosperity can increase the military power of a state. The same might be true for unification attempts, which can lead to higher population and bigger territory. Unifications can be an interesting point to consider because the reasons for preventing the opposite of unification, separation, follows the same logic. To sum up this elaboration, Mearsheimer does not deny the existence of a broader spectrum of goals, and thus interests, but because of the structural logic of the five bedrock assumptions the goal of survival will prevail against all other goals. As such the prevailing interests which a state will pursue are those that aim to ensure its survival.

### **1.1.3. Developing an Interest based Hypothesis**

This chapter will make the connection between Offensive Realism and the interests of China. As Offensive Realism is a structural theory of International Relations it is necessary to explain the situation in which contemporary China is in from the viewpoint of Offensive

Realism. Once this connection is done it is possible to derive what the Chinese interests might be. This will be the final link to make the creation of an hypothesis based on the role of interests in Chinese foreign policy possible.

Mearsheimer wrote two essays on the matter (Mearsheimer 2006, 2010) where he discusses the question of China's peaceful rise, a "To put it bluntly: China cannot rise peacefully"(Mearsheimer 2010, 382). He identifies three main arguments for assuming that China could rise peacefully and debunks them in "The Gathering Storm: China's Challenge to US Power in Asia" (2010). The three arguments are that China will successfully convince other states of its peaceful intentions, that China builds only defensive and not offensive military forces and finally that China did not act aggressively in the past and will thus also not act so in the future. The assumption that China can convince other states of its peaceful intentions gets rejected by Offensive Realism. All states are rational actors which want to protect their security, this was stated already in the bedrock assumptions of Offensive Realism. And because of the issue represented in the security dilemma every state has to assume aggressive actions and betrayal of other states. Therefore China would not be able to convince other states of its peaceful assumptions. Also the second argument, is denied in the logic of Offensive Realism. The "problem with this approach is that it is difficult to distinguish between offensive and defensive military capabilities"(ibid. 383). And especially China's naval forces, which are considered as a means to defend the Chinese coasts and sea lanes, would also have considerably power-projection capabilities. And lastly, the past is not a reliable indicator on how China will act in the future. He argues that the "situation is expected to change markedly over time, in which case China will have significant offensive capability", up to now might only be a status-quo power "because it has such limited capability to act aggressively"(ibid. 385). Mearsheimer assumes that China will acquire considerable offensive capabilities in the future. Mearsheimer concludes:

"Why should we expect China to act any differently than the United States over the course of its history? Are they more principled than the Americans? More ethical? Are they less nationalistic than the Americans? Less concerned about their survival? They are none of these things, of course, which is why China is likely to imitate the United States and attempt to become a regional hegemon"(ibid. 390).

China is expected to behave as a rational great power which tries to ensure its survival by building up its capabilities and by working towards becoming a regional hegemon. In order to achieve this goal China has to increase "the power gap between itself and its neighbors,

especially Japan and Russia”(Mearsheimer 2006, 162), so that no other state in the region will be able to threaten China. This goal can be achieved by building up military power and latent power, i.e. wealth, while also ensuring that other potential regional powers cannot do the same. Again relative gains are preferred over absolute gains, and this would severely limit China’s intention to cooperate with other great powers. A second goal of a rising China would be to achieve control over the region China is part of. Besides assuming that this would not necessarily mean aggressive actions (Mearsheimer 2010, 389) Mearsheimer does not specify in detail how China would achieve this goal. But it could be assumed that China would try to utilize its position of strength and power-projection capabilities to engage in asymmetrical cooperation with other states in the region. And the third and final goal of China would be to expel power-projection capabilities of the US from the region. China would aim at to reduce US influence wherever it can. Especially in contest sea regions around China. Mearsheimer strengthens his argument with the example that Chinese officials have claimed towards American policymakers that the US would no longer be allowed to interfere in the South China Sea, which would be considered as a core interest just as Taiwan and Tibet. (ibid. 389)

This major goals can translate into the core interests which would be pursued within Chinese foreign policy. And because of the prime importance of survival goals these would be the core interests of China. As a consequence China will seek to increase wealth and military power while also weakening the other major powers in the region. China would improve its power-projection capabilities while also seeking sources of revenue. This includes the core interest of preventing any form of separatism, as separatism implies a loss in power and security. From the second goal derives that China will interact with the states in the region while pursuing the interests of improving control over the other states in the region. And the last interest which would be observable within Chinese foreign policy is the effort to weaken the influence of the US wherever it could be found in the vicinity of China. Mearsheimer expects the US to react in a way to prevent China from rising and becoming a regional hegemon. Also the other great powers in the region would aim to prevent a regional hegemon from rising, and would opt to balance together with the US against China, because with the stopping power of water in power-projection capabilities the US as a regional hegemon is a smaller threat as China. Mearsheimer concludes on his prediction of the future on the rise of China, that it

“is not a pretty one. I actually find it categorically depressing and wish that I could tell a more optimistic story about the future. But the fact is that international politics is a nasty and dangerous business, and no

amount of goodwill can ameliorate the intense security competition that sets in when an aspiring hegemon appears in Eurasia. That is the tragedy of great power politics.”(Mearsheimer 2006: 162)

This elaborations can be summed up in a general interest based hypothesis. The interest hypothesis states the following: China’s foreign policy is guided by interests, and China has the ultimate interest of becoming a regional hegemon. China will work against the American presence in the region and will try to execute power over smaller regional states. As china is interested in increasing its military capabilities while also hindering the buildup of military capabilities of its bigger neighbors, China will avoid foreign policy decision which could help other major regional powers build better military capabilities. These considerations on the increase of military capabilities include the increase of wealth. Separation movements, or anything similar, will be understood as a decrease in capabilities.

## **1.2. Chinese Values**

### **1.2.1. Social Constructivism**

The second theoretical framework is Social Constructivism. Social Constructivism is not in itself a new theory of International Relations. But Social Constructivism as usually applied emerged after the end of the Cold War and in connection with the Third Great Debate<sup>3</sup> within the field of International Relations. The Third Great Debate took place in the 1980s, depending on the understanding of nature of the Third Debate, between Neorealism, Neoliberalism and Constructivism or between positivists and reflectionists. The Third Great Debate did not come to a clear conclusion by creating something like a predominant new theory of International Relations. But ever since Social Constructivism can be considered as one of the

<sup>3</sup> Sometimes also referred to as the Fourth or Fifth Great Debate, depending on different interpretations of the Great Debates.

major schools of International Relations. (Lake 2013, 56) Reus-Smit (2005) argues that Social Constructivism ultimately was an outgrowth of Critical International Theory and is distinct from the latter because of its empirically focused analysis.

Although Social Constructivism established itself as a major school of International Relations Theory, it is still a rather complex approach. Different elements of Social Constructivism are interconnected, and the reflectionist nature makes a straightforward explanation difficult. But there are a number of shared key propositions and concepts that can be identified and explained. The first key proposition is the assumption of the social construction of reality, providing social facts instead of real facts. According to Constructivists, the assessable reality is not unbiased by human perception; reality is socially constructed. This does not imply that the material world does not exist. But it means that the meaning which is applied to material facts is subject to “social processes of interaction for the production of shared knowledge about the world.” (Flockhart 2012, 83) Therefore material facts are facts that have meaning applied to it. They are social facts. Besides social facts that are applied to material facts there are also social facts that are constructed completely apart from real material facts. Such social facts are created through human agreement and are only observable through human practice. If such social facts are treated as real, they become real. Explaining how these social facts are constructed and how they affect global politics is a major focus of Social Constructivism. (ibid. 83)

Another key proposition of Social Constructivism is the relationship which ideational and material structures have towards each other. According to constructivists it is impossible to understand structure with material forces alone. Instead they need “shared knowledge about material factors, rules, symbols, and language, which all shape how we interpret the world and the actions of others”(ibid. 84). Without this kind of shared meaning the world cannot be interpreted and understood. And the shared meanings of the material world in turn shapes the structure and guide actions. Structure can in this context be understood as a set of “formal rules and norms, which agents are socialized into f”(Wendt 1992, 399). Rules don't have to be of a formal nature to achieve this function, it is more important that those rules are accepted without being questioned. In this case, rules of a structure can be called norms. Norms in this understanding play an important role for both the system and the actors. They can serve as guidelines for behavior and can influence actor identities and interests. But they can also constitute social relations as social groups usually are associated with a set of norms. And these

norms have to be adhered to if an actor wants to be a part of the social group. (Flockhart 2012, 84) The concept of norms will play an important role within this paper, thus accordingly it will be further explained within the next chapter.

The focus on identity as a core element of Social Constructivism is the third key proposition. Identity can be understood as the “understanding of self, its place in the social world, and its relationship with others”(ibid. 85). Constructivist stress how important the distinction between the self and the other is for the formation of an actor’s identity. The concept of actor identity is important for Social Constructivism because of the assumption that identity is constitutive of interests and preferences. Part of the actors’ identity could be historical, cultural, political and social, and all these can have an impact on the actions of an actor. This assumption of identity as a fundamental guideline for actions and interests stands in strong contrast to positivist theories. Norms and identity are closely connected in Social Constructivism. This is so because certain forms of identity are closely connected with a certain set of norms. This can make the analysis of an actor’s identity very fruitful. (ibid. 85)

The fourth proposition concerns the relation between actors and structure. Constructivists argue that agents and structure construct each other mutually. This is one of the consequences of the first proposition, that social facts are created through repeated practice. If an actor creates a social fact through repeated practice, this social fact becomes externalized and habitualized in a system. Once this happens, a social fact exists independently from the actor who first introduced it. But the same logic also operates the other way around. Such a created environment may create a stable cognitive environment that reaffirms the actors in their continuous practice. Social facts therefore are first created by actors, and after those social facts become an independent part of the system they provide the actors with the confirmation that their understanding of those social facts is true. This logic is crucial for a very important assumption of Social Constructivism: That the international system is not necessarily an anarchic self-help system as assumed by advocates of Neorealism. Self-help is a social fact, it is created through repeated practice. Therefore, should actors behave in a different way than self-help, a different international system could emerge. (Ibid. 86) But the actor-structure dynamic also is one of the biggest debates within Social Constructivism. Alexander Wendt is a prominent advocate of systemic level of analysis in Social Constructivism. Wendt argues in his writings on Social Constructivism (Wendt 1987, 1992, 1999) that states have a corporate identity, which is contrary to the social identity, not the product of domestic affairs but a product of the



interaction between states . The corporate identity is formed through the international society. Following this interpretation, Social Constructivism becomes a systemic theory of International Relations. This approach though suffers from a disadvantage that Social Constructivism aimed to overcome: The inability of Neorealism to explain changes within the international system. Wendt's approach to Social Constructivism makes it difficult to explain changes, because these changes would have to be initiated by the states. (Reus-Smit 2005, 199) Other approaches of Social Constructivism follow a unit-level of analysis. This puts the domestic social and legal norms as well as the domestic identity formation into the focus of analysis. One example would be Katzenstein who showed in several cases how domestic identity and norms could impacted the security policies of post-war Japan and Germany. (Katzenstein 1996) While this is the spectrum of different approaches towards the agency-structure issue, most Constructivists don't completely neglect the existence of the respective other level of analysis. As will be shown in the next section, Social Constructivists try to reconcile the two approach with a new holistic approach.

### **1.2.2. Norms and Foreign Policy Decision Making**

This chapter will pay special attention to the concept of norms in Social Constructivism, what they are and how they are able to influence foreign policy decisions. Understanding norms as intersubjective shared, value-based expectations is crucial for understanding foreign policy . The underlying logic is that norms shape the actors' perception of what kind of actions is appropriate and what kind is not. Therefore actors make their decisions "on the basis of norms and rules on the background of subjective factors, historical-cultural experience and institutional involvement" (Schaber/Ulbert 1994, 142).

Norm are defined with three key features: They are intersubjective, they provide immediate orientation to behavior and they are value based. Intersubjectivity means norms are different from individual personal beliefs, they are shared and bear the same understanding within the structure they are a part of. Secondly, norms are more than just a general understanding of what is right or wrong. Instead norms create an immediate orientation on what kind of action is appropriate. Thus norms are something more concrete. The last key

feature is that norms are value-based and have counterfactual validity. Because of being value-based, norms have a so called compliance pull, independent from the actual interests of an actor. Even if an actor decides to act differently from what the compliance pull would suggest, that actor will still feel the compliance pull. Also, because of being value-based, norms keep their validity even if actors decide to act against the norm from time to time. This means norms have counterfactual validity. (Rittberger 1999)

Even if a norm can be understood by fulfilling these three key features, it remains unclear if this norm strong enough to influence foreign policy decisions. Rittberger (1999) argues that the strength of norms can be evaluated by commonality and specificity. Commonality means that a norm becomes stronger with the number of units within a social system which share that norm. Should all units of a system share a certain norm, this norm would be of high commonality. But it might also be possible that only a part of the units share a certain norm. In this case such a norm could have middle or low commonality. In order to use a norm within the framework of Social Constructivism it should have a high level of commonality, because a low level of commonality questions the relevance of a norm for decision making. The other key factor which influences the strength of a norm is its specificity. Specificity refers to the precision of a norm. The clearer a norm distinguishes between appropriate and inappropriate courses of action, the greater an impact a norm is bound to have. This makes norms with a high specificity more useful for a constructivist analysis of foreign policy.

As noted earlier, norms influence the behavior of actor through a logic of appropriateness. The logic of appropriateness creates constraints and incentives for actor behavior. Therefore even if norms do not enforce or prohibit certain actions, they do at least, in an abstract sense, decrease or increase the cost of an action. But norms also can have constitutive effects on state interests. (Klotz 1995) They do so by characterizing certain goals as legitimate. States will try to pursue goals which they perceive as legitimate. Such norms create a motive for states to pursue certain goals.

The restraint, functions and constitutive effects of norms function through processes of socialization. This is the process through which an actor “grows into the society and culture surrounding him and, by learning social norms and roles, becomes an independent, competent social being” (Weiß 1986, 269). During this process an actor will internalize expectations of behavior from the social environment. But foreign policy decision makers are subject to two

different processes of socialization. They are a subject of socialization within the states they are coming from. They share the norms of their own society. But they also are subjects of socialization within the international system, and accordingly are subject to international norms. Therefore it is possible to distinguish transnational socialization and societal socialization, . This conclusion has an impact on how strong norms can influence decision makers. According to Rittberger (1999) decision makers will attempt to fulfill expectations of both transnational norms and societal norms. If both norms contradict each other, decision makers are not able to fulfill both expectations and will make a choice based on unknown reasons. This makes a constructivistic prediction impossible. In case a congruent norm does exist on the transnational and the societal level constructivism has a very strong capability to predict foreign policy. The same would be true if a norm only exists on the transnational level or the societal level, as decision makers will tend to fulfill expectations where ever they can. Figure 2 shows the different options, including a scale of how well Social Constructivism can make predictions.

<b>International Level</b>	<b>Societal Level</b>	<b>Relationship</b>	<b>Predictive capability</b>
Norm present	Norm present	Congruent	High
Norm present	Norm absent		Medium
Norm absent	Norm absent		Medium
Norm present	Norm present	Contradictory	None
Norm absent	Norm absent		None

Figure 2. The predictive capability of Societal norms

Source: (Rittberger 1999)

Rittberger's (1999) elaborations of norms in Social Constructivism also includes an overview over Transnational Constructivism and Societal Constructivism, and where relevant norms in both can be identified. The international system also is a social system, constructing an international society, which in turn influences its units through immaterial structures, as for example norms. International norms have the same characteristics as norms in general, but they are shared within an international society or subsystems of it. International institutions are of

special relevance for international norms, as they tend to bundle norms for their member states, forming influential subsystems of the international society. Transnational Constructivism attempt to identify international norms through international law, legal acts of international organizations and documents of international conferences. Societal Constructivism on the other hand, refers to the influence of norms within a society. An important point though is to identify the norms within society which can impact the relevant decision makers. Rittberger identifies the two most important sources of societal norms as those norms which are shared among scientist and those which are shared within society as a whole. Decision makers will tend to rely on experts, who often have a better understanding of international relations and foreign policy than the decision makers. These expert when would tend to form advocacy-coalitions, based on shared norms and principles. Advocacy-coalitions create norms which have a very strong specificity. But if several advocacy-coalitions exist in rivalry, it is difficult to identify which advocacy-coalition in the end provides the societal norms for the decision makers. Norms that are shared in society as a whole on the other hand have a very high commonality. Sometimes these norms are also referred to as (national) identity (Katzenstein 1996) or (political) culture (Risse-Kappen 1994). It is often assumed that these norms originated in collective historical experiences. Societal Constructivists allocate strong explanatory potential to such norms. Shared societal norms can be identified through surveys, the legal order of the society, party programs or parliamentary debates.

### **1.2.3. Developing a Value based Hypothesis**

This section takes up the task to identify and describe the norms which may exercise an influence on Chinese foreign policy. This will make the development of a value based hypothesis of Chinese foreign policy possible. Yet, it is still also necessary to discuss how far China is socialized into the International System and which international norms could make their impact on Chinese foreign policy. The last section has shown that in order to achieve at least a medium level of predictive capability it is necessary to conclude that no contradictory norms on the other level exist. An important point to note is though that such norms only have to be identified where also Chinese societal norms could be touched. As this discussion has the

ultimate purpose to make the creation of a hypothesis possible, which can be applied to two Cases Studies of Chinese foreign policy, it is not necessary to find each single potential Chinese norm that provides expectations for every imagine-able policy. Instead the focus will be on norms which provide general expectations on Chinese foreign policy. This will make the creation of a hypothesis possible. The hypothesis has the requirement to be applicable to two case studies. This might be impossible if not done through societal norms which could be generalized to fit the different situations of the two different case studies. The Chinese norms will be taken from secondary sources. Primary methods of identifying and collecting those norms, would call for a research project of a bigger scope and hit the limit of what could be achieved in this specific case. The reason to this is the nature of the object of research. China is not a democratic state and is not easily to access for outside analysts. Also many sources of primary data are behind a language barrier. . Therefore those norms will be collected through secondary sources of scholars who focus their research on Chinese Identity.

At this point it is necessary to evaluate if Chinese leaders have been subject to a socialization process of transnational norms and are affected by them. The last section has argued that International Organizations are the main source of transnational norms. By being a member of an International Organizations policy-makers are subject to a socialization process. How China, would try to influence and create new transnational norms is of no interest for the purpose of this paper. China is a member of various International Organization that are potent enough to provide transnational norms. . But the International Organization that can provide the most interesting source of transnational norms are the United Nations (UN). The reason to this is that the UN has a high membership and topic coverage. It can also be argued that the UN membership is especially important to China, as it implies external recognition. China is an official member of the UN since 1971 and replacing Taiwan After its admission China went through an ongoing socialization process. Shambaugh describes this as an integration process, in which China started as a system challenger, went through a system studying phase, a exploitative phase and arrived finally in a system altering phase. At this point Schambaugh considers China to have fully integrated into the UN system and to have a UN relationship which is characterized by deepened participation o. (Shambaugh 2013, 105-106) Yaqinig Qin, a Chinese advocate of Wendt's Social Constructivism, describes contemporary China within the UN as a status-quo power. This means China has accepted the existing world order, as represented by the UN. He considers China to have socialized the international norms and rules

connected with the existing world order and he claims that China willingly complies to those rules. (Wang/ Blyth 2013, 1284) These are valuable conclusions for the purpose of this analysis, because it already tells us which kind of societal norms could be supported, weakened, strengthened or even denied. Societal norm congruent with rules and norms of the UN will be strengthened, while societal norms against the existing world order can be most likely be rejected.

Section 1.2.2 has explained advocacy-coalitions as one of the two main sources of societal norms. Shambaugh (2013) made an elaborate analysis of the Chinese academic discourse on International Relations. Although he recognizes that this discourse is subject to certain restrictions, due to the authoritarian environment, Shambaugh states that the discourse on International Relations “is very diverse and remarkably open”(ibid. 12). As such, they provide useful material for analysis. Conducting this kind of discourse is more than just discussing different approaches to International Relations. By defining the role that China should play and by giving recommendation for actions, different schools create sources of societal norms with high specificity for Chinese makers. Shambaugh identified seven different major schools during his analysis. They range from Nativists, via Realists to Selective Multilateralists and Globalists. Figure 3 shows the full range of different Chinese advocacy-coalitions.

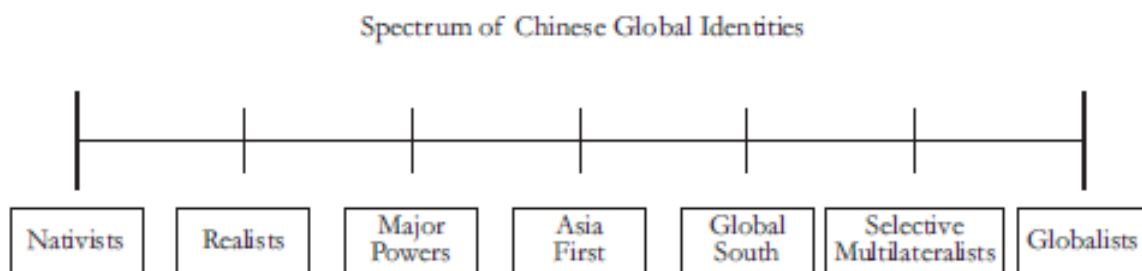


Figure 3. Spectrum of Chinese Global Identities

Source: (Shambaugh 2013, 22)

The figure shows the diverse nature of the discourse. While a school like the Nativists is very nationalistic and even populist, another school like the Globalists is convinced that China should take more global responsibilities and should play an active role in global governance. But the strongest identity according to Shambaugh is the Realist one. This identity is consistent with what would be expected from a realist approach, . The Chinese Realists use the Chinese state as their unit of analysis and can be characterized by their pessimistic outlook on the environment in which China is located. Although being quite nationalistic the advocates of this school are very pragmatic. They are split in Offensive and Defensive Realists, with the Offensive Realists being more insistent on increasing and utilizing Chinese military strength while Defensive Realists want to avoid using military means. But the different branches of this school are unified in their pessimistic outlook on the USA. They do not want to trust US influence in the region and see the distinct probability of conflict with the US in the future. (ibid. 27) Shambaugh notes on the diversity of schools:

“The fact that it has such a broad spectrum of opinion says much about the identities that are competing with each other in IR discourse. On this basis, I argue that China possesses multiple international identities and is a conflicted country in its international persona.”(ibid. 35)

Shambaugh links the diversity of different schools to sometimes inconsistent Chinese foreign policy decisions. It would be the case that from time to time and from occasion to occasion a different “persona” might have the most impact. This conclusion confirms the assumption of Rittberger that norms provided by advocacy-coalitions can shape foreign policy decisions. Yet it also confirms the major problem that analyzing advocacy-coalitions can lead to: The missing analytical framework to explain how, when and why certain advocacy-coalitions can enforce their norms over other norms makes it difficult to make any predictions for foreign policy decisions. Although Shambaugh also stated that certain advocacy-coalitions tend to be stronger within certain institutions, for example the realists have a strong influence on the People’s Liberations Army and the foreign Ministry while the Central Committee foreign Affairs Office that is more influenced by the Major Powers and by the Global South advocacy-coalitions, this is still too diffuse for applying the constructivist framework. This concludes that Chinese advocacy-coalitions are probably not a very useful source for societal norms for analysis.

That leaves the discussion with the societal norms which are accepted within society as a whole. Because of their high commonality these norms might also provide a convincing

predictive capability. But this discussion is faced with a similar problem as with the advocacy-coalitions. Shambaugh covered also this discussion in his analysis of Chinese Global Identity (2013, 169). To do so, he conducted several interviews with scholars and policy-makers. For example he quotes Professor Honghua Men, who is an advocate of values as the core of culture: “We have lost our values – we do not have any common values at all. There is a vacuum of values in China. Nor do we have an ideology.”(ibid. 169). Or in another quote by a high-ranking Chinese diplomat and intellectual names Jianmin Wu:

“We need to build up a new mainstream culture, but this will take generations. Currently, Chinese society has an identity crisis (信用危机), an intellectual and moral vacuum, so we need to reinvent our culture,”(ibid. 170)

Another scholar who researches Chinese Soft Power, Xuetong Yan from Tsinghua University, went even so far as to conclude:

“China’s international identity has a serious problem. Our credibility as a developing country is ridiculous! Who are our friends? North Korea, Iran, Myanmar, Sudan, Zimbabwe, Venezuela! We have a big [image] problem. We do not have a priority identity. We have no main identity in the world, so we cannot prioritize. Who are we?”(ibid. 171)

To sum up Shambaugh’s elaborations, contemporary China has a crisis of its international identity. This conclusion can be a potential problem for the analysis of this paper. In order to analyze the role of Chinese values on Chinese foreign policy it is necessary to identify such values, and without an identifiable international identity it is difficult to do so. Yet this is not a dead end for the given analysis. The most likely origin of such norms was described as shared historical experiences in the last section. Shared historical experiences are often a main source of societal norms. Such shared historical experiences can be identified through historic narratives. And it might be possible to find norms which can create expectations on foreign policy within approaches that discuss the impact of historic narratives on Chinese decision making. Also norms that are actively expressed by policy-makers could be considered. Concepts which are often discussed to have a strong impact on China’s national identity are Tianxia, the Century of Humiliation, and Confucianism. (Pardo 2008, Varrall 2015, Shambaugh 2013) If these concepts indeed exist, they would arguably also include or be connected to norms which might influence Chinese foreign policy makers. Therefore it is worth at this point to discuss these concepts in order to assess their applicability.



The Tianxia<sup>4</sup> and the Century of Humiliation are two much discussed historical narratives that center around the question of how these peculiar historical experiences make their impact on contemporary China. Tianxia refers to the world order as it was perceived by Chinese people. The Tianxia concept is as old as the Zhou dynasty (1046-256 BC) and existed until the end of the Qing dynasty. Tianxia meant that the Chinese emperor, the son of heaven, had a mandate of heaven. Tianxia is a very idealized concept, because the assumption of a mandate of heaven, which could be also easily interpreted as oppressive by other states, was actually perceived as a perfectly harmonious world order by the Chinese leaders. (Pardo 2014, 50) It was a Chinese world order, and it was considered to be natural. Beyond that Tianxia also encompassed the claim to be universal. This claim made the Chinese empire a universal empire. In consequence, Chinese ideology was not only considered to be important for Chinese people but for all mankind. In practice the Tianxia concept translated into a tributary system, in which the neighboring kingdoms were tributaries to the Chinese empire. The concept of Tianxia did not survive the confrontation with the imperial powers nor the fall of the Qing dynasty. Yet Tianxia is still a actively discussed concept amongst Chinese scholars. But “[a]lthough the idea of going back to the tributary system is undesirable to the Chinese, the heritage and impact of Tianxia has remained in Chinese political philosophy.” (Wang 1995: 36) For this reason is Tianxia potentially is a very fruitful concept for the purpose of this paper. Tianxia describes not only how China could historically perceive itself in comparison to others, it is most likely also connected with a system of norms which create expectations on Chinese foreign policy. Some ideas that are discussed within the context of Tianxia are for example that China has a unique role in the system that it is part of, and that China has to be an example for others. And even if there are no claims for a tributary system, Tianxia still does imply a strong sense of universalism for Chinese thinking. Furthermore is the most potent source of Chinese norms, which is Confucianism, is closely linked to Tianxia.

Before finishing the discussion on Tianxia it should be noted that Tianxia has the potential to conflict with the transnational norms with which Chinese policy makers are socialized. The world order emphasized within the UN might not be the same as Tianxia. Chinese policy makers might try to implement Tianxia norms in the International Institutions it

<sup>4</sup>Tianxia: „All under heaven“

is part of. But norms resulting from Tianxia that would call for changes in the world order are to be denied, for example if they go against the provisions of the UN-Charter. The non-existence of the call to return to the historical tributary system might be an extreme example for that. Therefore, only norms derived from Tianxia that are congruent with socialized transnational norms can realize predictive capability.

There is another important historical experience with impact on the present that deserves consideration at this point. This is the “Century of Humiliation”. This concept refers to the narrative of humiliation and victimization of China by aggressive foreign powers. The Century of humiliations “begins with the Opium Wars of the mid-19th century, continues through a string of unequal treaties forced on the ruling Qing dynasty by various foreign powers, and stretches through the brutal invasion of China by Japan in the 1930s and 1940s and the bloody fighting against the USA during the Korean War in the early 1950s.” (Hess 2010, 48) This narrative was mostly utilized during the reign of Mao in China, but the narrative of China being a victim is still a used image within Chinese political thought, and it is closely tied to Chinese nationalism. As such this concept has a very strong impact on how Chinese people see the role of China in the world and how external events have to be understood. Therefore it can be concluded that the narrative of China as a victim may also impact societal norms. Norms connected to historical narratives can constitute as legitimate perceived goals. In this case these could be the emphasis on Chinese Sovereignty, the elimination of foreign influence and the Chinese perception of separation movements as a threat. (ibid. 49) They can to some extent conflict with goals originating in Tianxia, but they could also confirm them. Tianxia sees China as a dominant actor within a harmonious world, while the Century of Shame describes a narrative of a weak and threatened China. Goals derived from the Century of Shame narrative would tend to be more aggressive than from Tianxia, because they would aim at defending China. But both narratives would put emphasis on reaching a former position of strength. Norms derived from the Century of Shame narrative would be also subject to the same limitation by socialized transnational norms as the Tianxia narrative.

The final concepts for Chinese identity, which is closely connected to Tianxia is Confucianism. Even if Confucianism is not primarily concerned with foreign policy, it still leads to expressed norms that are concerned with foreign policy. Most notably the five principles and the harmonious world concept. Confucianism describes a complex of traditional Chinese values that go back to a Chinese philosopher named Kong Fu-zi who lived before the

warring states period (475-221 BC) and who's teachings were invoked after this time of conflict in order to create an official state philosophy which emphasized political stability. The old philosophy of Confucianism was

“[c]ompiled into a central collection of Confucius's sayings (the Analects) and subsequent books of learned commentary, the Confucian canon would evolve into something akin to China's Bible and its Constitution combined. Expertise in these text became the central qualification for service in China's imperial bureaucracy.” (Kissinger 2011: 14)

Confucianism advertised a harmonious society in which all things have their place and constituted a clear code of social conduct. It also constituted the principle of Tianxia within China and on the international sphere. (ibid.) Confucianism lost its influence parallel to the deconstruction of the Tianxia order and was deliberately abandoned during Mao's rule . (Hess 2010, 52) Yet, Confucianism was able to make a comeback . Daniel Bell, a well-known scholar on Confucianism in contemporary China sought the reason to this phenomena in a moral vacuum which was created after Marxism lost its impact on political thought in China. The Chinese government started to promote Confucianism again in order to fill that vacuum and ever since Confucianism is much referred to in public statements. Bell argues that this attempt is not unsuccessful and finds more acceptance than Marxist ideology did. (Bell 2010, 22-23) But what are the core values of this readapted Confucianism? Shambaugh summarized them as: 和 (peace and harmony), 德 (morality), 礼 (etiquette), and 仁 (benevolence). (Shambaugh 2013, 169) As such, the Confucianism advocates norms that emphasize “moral conduct and rules of propriety, [...] and pragmatism, aversion to the use of force, and a preference for defence over offence.”(Wang/Blyth 2013, 1292) To sum it up, Confucianism strongly emphasizes stability, harmony and hierarchy. And in line with traditional Confucianism and Tianxia this modern Confucianism also makes a strong claim of universalism.

The so called Five Principles of Peaceful Coexistence are considered to be a direct result of applying Confucianism to foreign policy. They first appeared in the Chinese Communist Party (CCP) in the early 1950s and became much referred to guidelines for Chinese foreign policy. The specific principles are respect for territorial integrity and sovereignty, mutual non-aggression, non-interference in internal affairs, equality and mutual benefit and finally peaceful coexistence. The universalistic nature of Confucianism and Tianxia construct the image of a harmonious world in which all things have their place. Confucianism describes an ideal hierarchy, like a family order. And the Five Principles read as idealized guidelines towards such

a harmonious world order. They encompass the Confucian world view of a harmonious society. (Mierzejewski 2011)

Chinese policy makers would often quote and repeat the Five Principles, “like a mantra” (Roy 1998: 40) and nearly unchallenged in their dominant position in Chinese rhetoric. The Five Principles could be easily criticized though. Firstly, the Five Principles are

“remarkably poorly worded. There seems to be a lot of overlap in 'mutual respect for territorial integrity' and 'mutual nonaggression', which are listed as separate principles. 'Equality and mutual benefit' is a rather unclear expression of the idea that international economic relationships should not be exploitative. And 'peaceful co-existence' is listed as the fifth of the 'Principles of Peaceful Co-Existence'. (ibid. 40)

Secondly, China was not necessarily as peaceful as the Five Principles would suggest. For example Chinese soldiers have been in North Vietnam in the 1960s and in Laos between 1964-1972. Vietnam War 1979 And even more the harmonious claims of the Five Principles sharply contrast with the domestic policies of the CCP. (ibid. 38) This criticism of the Five Principles and the claim of a principled foreign policy suggests that the strong rhetoric is only a tool to achieve a political goal. Such a political goal could be to hide egoistic and oppressive actions. The moral high ground could be utilized to deter criticism by others, and the strong rhetoric of territorial sovereignty only a defense mechanism especially in hindsight of defending claims for Tibet or Taiwan. But even with these critics, the Five Principles of Peaceful Co-Existence provide a useful source of norms. Although the five principles might only have been formulated to achieve a political goal, they still construct expectations which can be socialized by policy makers. They are not only connected with Confucianism and the historical narrative of Tianxia, but are also congruent with transnational norms provided by the UN-Charter. This gives them a high predictive capability.

The Five Principles of Peaceful Co-Existence have been extended by the Harmonious World Principle in 2005. Harmonious World is closely associated with the former Chinese president Hu Jintao . (Hu 2005) With this concept Hu states the guidelines for an international system that realizes four principal elements: “(1) effective multilateralism with a strong role for the United Nations, (2) development of a collective security mechanism, (3) prosperity for all through mutually beneficial cooperation, and (4) tolerance and enhancement of dialogue among diverse civilizations.” (Shambaugh 2013, 21) This world order of multilateralism, cooperation and harmonious coexistence is a strongly idealized concept of how China should find its place

in a modernized version of the Tianxia. (Pardo 2014, 50) The principles expressed and added by Harmonious World can be added to those introduced by the Five Principles.

To sum up, both harmonious world and the five principles openly express value based norms for Chinese foreign policy. They stem both from Confucianism and can thus to some extent be traced back to the two historical narratives. Both harmonious world and the five principles introduce norms centered around multilateralism, international cooperation, a hierarchical international system and economic development. These norms create strong constraints on all kinds of aggressive actions, as least as long as territorial integrity and domestic non-interference obtain. Expectations on policy makers derived from those norms would be the pursuit of agreements to mutual benefit, like fair trade agreements with neighboring countries, or more intense institutional involvement while dealing with issues of any kind. An interesting question that arises is if those norms, together with the two introduced historical narratives, might also construct goals. Tianxia and Century of Shame suggest the general goal of China to return to a dominant spot within a harmonious world, a spot that China deserves and that was taken from China by oppressive states. Thus China would want to undo the setbacks of the younger past to go back to the natural position of China as a major power with high moral standing. But China would have to be wary of foreign intrusions which happened in the past and which could happen again. In conjunction with the norms, this would lead to a foreign policy that is proactive in bilateral cooperation and institutional cooperation. Such a foreign policy would be aimed at advancing Chinas development while also being of benefit for others. The strong universalistic nature of Confucianism would be visible, as China would take actions to further the Harmonious World. In general, these norms and goals comply nicely with transnational norms, which also favor cooperation and non-aggression. This suggests a strong predictive capability. These goals are different from those introduced through Offensive Realism. While Offensive Realism makes the claim of causality Social Constructivism only offers a higher predictive capability of socialized norms. As such these goals do not have a mandatory nature, but are rather a general direction which might be likely to happen.

This sums up the discussion on norms and identities of contemporary China and makes the formulation of a general value based hypothesis possible. The explanations have shown that the two historical narratives are concerned with Chinas unique role in the International System. China would be a power of high moral standing which acts in and towards a harmonious world. Yet because of the Century of Shame narrative, China also have to be wary about intrusions

into domestic affairs and territorial sovereignty. The societal norms of Confucianism, and more precisely the Five Principles of Peaceful Co-Existence and Harmonious World, describe the expectations on constraints on actions which aim towards reaching these Chinese position in the world.

This constitutes the foundation for the value-based hypothesis. These states that China's foreign policy is based on norms. And these norms are part of the Chinese identity, which is characterized by its two historical narratives: Tianxia and the Century of Shame. The crucial norms are described with the Five Principles and the Harmonious World concept. China sees itself as exceptional within the world order and has a strongly principled foreign policy. Historically China used to have an important position in the region, which was only natural, China wants to return to this position. But this would be the position of a peaceful power. Furthermore China will work towards a harmonious international system free of aggression and oppression. The best way to achieve Chinese goals will be through mutual beneficial cooperation. Beyond that will China avoid aggressive actions. These expectations are congruent with international norms. But on the other side will China be wary about intrusions on domestic affairs and territorial sovereignty. Foreign powers might be seen as intrusive. These are the goals for and expectations on Chinese foreign policy.

## **2. METHODOLOGY AND METHODS**

### **2.1. Methodology**

This Chapter will discuss the methods that will be used to answer the research questions. From an analytical perspective it will be useful to explain how foreign policy can be analyzed. It further has to be elaborated how Offensive Realism and Social Constructivism can be operationalized . And finally the research method of case studies has to be explained. The two chosen case studies and their reasons will be introduced. It is necessary to understand both foreign policy analysis and case study research for the purpose of the paper. The framework of foreign policy analysis allowed the simultaneously application of rival hypothesis. The hypotheses on how values and interests are shaping Chinese foreign policy will be compared with the actual behavior of China in two case studies. The case studies will be chosen and focused in a way not to favor one hypothesis over the other. Both hypothesis will be formulated in a rather general matter to be applied on different cases and to cover different situations. Also it is not necessary to demand a perfect impact from values and interests on Chinese foreign policy to draw conclusions on their role. Already if the hypothesis can describe and predict Chinese foreign policy in a general way without apparent contradictions would this be results which direct towards values or interests to play a considerably role. If a hypothesis fails to predict to Chinese foreign policy it might able to falsify it. At very least the simultaneously application of both hypothesis make it possible to evaluate which hypothesis might be better

suited to explain Chinese foreign policy. This will serve as the means for answering the research question on the role that values and interests play in Chinese foreign policy.

The last Chapter introduced the two hypothesis for the analysis of the case studies. It is apparent that both hypothesis differ in many ways. The interests hypothesis is able to describe specific goals which will have to be pursued, while the value hypothesis can only deliver a general aim for foreign policy which is paired with concrete expectations and constraints for foreign policy actions. Identifying if Chinese actions are directed towards these goals is a suitable first way to approach the case studies. But they also differ in some key areas which can serve as guidelines for the case studies in the next Chapter. These key elements are for example cooperation and conflict. The value based hypothesis sees cooperation as a major means for China to achieve its aim, while cooperation is restraint in the interests hypothesis. Whether China solves issues with mutual beneficial cooperation or by using a position of strength can be a strong indicator. This establishes both hypothesis as partially rival. Both hypothesis might or might not lead to similar predictions on general goals of Chinese foreign policy. But the actions that China would pursue in its foreign policy differ distinctly in both theories. This makes it possible to compare the two hypothesis in case studies.

## **2.2. Foreign Policy Analysis**

In order to analyze something as complex as the foreign policy of a country it is necessary to rely on a given set of methods. Without this step the research risks losing its focus and falling into arbitrariness. Foreign policy analysis provides the framework and to undertake such an effort. In making foreign policy decisions states are subject to a “complex internal and international environments” (Carlsnaes 2012, 113) and their decisions are the product of “coalitions of active actors and groups situated both inside and outside state boundaries”(ibid.). This gives foreign policy analysis a double sided character, making it very difficult to conceptualize, explain and assess. Important actors in foreign policy may range from heads of states and ministers to party leaders to on the domestic level and to their counterparts in other



countries or from other organizations. This leaves it unclear which actors are to be analyzed and what kind of roles they would play within foreign policy making. Similarly there is a number of structural influences which can shape foreign policy. Such structures could be “political, cultural, psychological, economic, national, regional, global, technological, ideational, cognitive, and normative”(ibid. 114) and are not only limited to the international system. This high number of potential different influences on decision making makes it necessary to apply an analytical framework that will provide a theoretical foundation on which the complex entanglement of different actors and structures can be made operational.

Another fruitful contribution of foreign policy analysis is the distinction between the decision making process as a whole and the separation of process and policy. This has an impact on how analytical frameworks can be applied on an analysis. If foreign policy is analyzed from the perspective of it being a complete process, when the focus lies on the domestic decision making process. This moves the focus away from the actual outcome of the process: the policy. The outcome of the decision making process would become less important than the process itself. Therefore the decision making process itself should be analyzed in order to find the “factors that influence foreign policy decision- making and foreign policy decision-makers”(ibid. 116). foreign policy analysis focuses its attention on the domestic level of a state, as a state cannot be considered a unitary actor, but instead as an “institutional structure within which, and on behalf of which, individual decision makers act”(ibid. 117). But this approach suffers from the conceptual difficulty to specify and explain how different levels of analysis would interact during such a process. If the focus of analysis but on instead on the outcome of foreign policy decision making, when there is a distinction between the process which leads to a policy and the policy itself.

This perspective on foreign policy analysis is supported by the circumstance that sometimes certain policies could be explained by different theoretical approaches. Also following this perspective it not necessary to specify in advance a single theoretical approach to explain policies. Instead different kinds of theoretical approaches could be understood as different “conceptual lenses”(ibid. 117). These conceptual lenses can then be applied, compared and tested. This elaboration has useful implications for his paper, because it allows the application of these potentially conflicting conceptual lenses. These conflicting conceptual lenses are the two different theories that lead to different hypothesis for the case studies. Chinese foreign policy could be explained through the impact of values or the impact of

interests. It is the purpose of this paper to develop a means of deeper understanding of Chinese foreign politics by comparing the two different concepts against each other. Values and Interests are made operational by the guiding hypothesis which were created in the last Chapter. They make it possible to develop more precise hypothesis for policies in different case studies.

### **2.3. Case Study Research**

A case study is a research method in social science and encompasses two typical features. First is a case study “an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context”, which is especially useful “when the boundaries between phenomenon and context are not clearly evident” (Yin 2009, 18) And secondly case studies include strategies and ways to deal with the problematic situation that phenomenon and context are difficult to distinguish. Such strategies include guidelines for data collection and analysis and the application of theoretical propositions. (ibid. 18) As such the case study research method can be distinguished from research methods such as experiments, surveys and archival or history analyses. Case studies have the advantage of enabling the researcher to “retain the holistic and meaningful characteristics of real-life events”(ibid. 4). Although case studies are not able to yield statistical generalization, they still are able to allow for analytic generalization if they are theory based. (ibid. 15) For all these reasons the case study research method a very suitable method for the purpose of the paper. A case study is a suitable method for a foreign policy analysis, as foreign policy as a phenomenon is dependent on its context. Yet it can not only be done with case studies, case study research even provides strategies on how to deal with such theoretical propositions. Being able to create analytical generalization is exactly what is needed to answer the research question of the role of values and interests in Chinese foreign policy.

The general topic for the case study in this paper is already determined, it is the Chinese foreign policy. But this would be too big a case study to be feasible. Therefore a multiple-cases study will be applied in this paper. This allows the breakdown of the big topic of Chinese

foreign policy into smaller elements. As the case studies at hand will have a strong theory based framework, they will still allow analytical generalization. Another aspect of case study research that is in need of clarification is the matter of most-similar and most-different multiple case studies. If multiple case studies are used, it is necessary to specify how the different cases are chosen. It has to be clear under what kind of logic the different case studies are related, and how they contribute to explain a phenomena as foreign policy. They could be chosen by the most similar principle, in order to minimize the number of unaccounted external variables. But they could also be selected by the most different principle. The most different principle takes consciously case studies that differ to some extent from each other. By examining a phenomena in different situations it is possible to find connections between variables through falsification. The underlying logic is that it is possible to eliminate possible causes for observed phenomena by using this kind of most different approach. (Guy 1998, 36-41) The most different principle will be used in this paper. The object of research are values and interests in Chinese foreign policy. By using the most different principle it is possible to apply hypothesis derived from Chinese values and interests on different cases of Chinese foreign policy. This will show possible shortcoming of these hypothesis and might allow conclusions on which hypothesis plays a stronger role.

The case studies are chosen in a way to include elements which suit both hypothesis. Both hypothesis can explain conflict and cooperation to some extent. But they also emphasize one of both in particular. The value hypothesis states cooperation of mutual benefit as a major strategy of foreign policy, while the interest hypothesis argues that China tries to reach its goals through more egoistic means. The case studies in this paper will be described in a way to include both elements of cooperation and conflict. This allows the testing and falsification of the hypothesis. If the value hypothesis holds strong explanatory power, it will be able to predict Chinese foreign policy not only in the case of cooperation, but also in the case of potential conflict. The some would be the case for the interest hypothesis. Falsification of the predictions made of the hypothesis will show which plays a stronger role in Chinese foreign policy.

The first case study will be the Chinese foreign policy towards Taiwan. Taiwan is interesting for Chinese foreign policy because it can potentially play an important role for both hypothesis. Taiwan is a neighboring country to China with an unclear legal status. Although Taiwan is both military and economically weaker than mainland China does Taiwan have some historical claims of being representative for China. Furthermore, Taiwan has the support of the

USA. And although Taiwan and China have a conflict rich history do both conduct trade with each other. This means both elements of cooperation and conflict can be found in the Sino-Taiwan relations. And the Taiwan issue is very important for Chinese policy makers. For all this reasons are the Sino-Taiwan relations an interesting case study.

The second case study are the Sino-Japan relations. As for the Sino-Taiwan do China and Japan share a conflict rich history. Japan is a major power in the region and is allied with the USA. This makes Japan a suitable topic for the interest hypothesis. But as with Taiwan before do China and Japan also conduct trade with each other. Therefore provides this case study the needed elements of conflict and cooperation. This allows the application, and possibly falsification, of both hypothesis.

### **3. TWO CASE STUDIES OF CHINESE FOREIGN POLICY**

Chapter 1 introduced the two hypothesis which will guide the analysis for the roles which values and interests play for Chinese foreign policy. The following Chapters will now conduct specific case studies to analyze if these hypothesis on values and interests hold any meaning. The first step will be to describe the general issue of the case studies, followed by a more in depth analysis based on the two hypothesis. The hypothesis showed that they are rival in the sense that they favor either conflict or cooperation. This will guide the description and analysis of the cases.

#### **3.1. Case Study 1: Taiwan**

Taiwan makes for an interesting case study of Chinese foreign policy. The Taiwan issue involves not only China and Taiwan, but also the USA and to some extent Japan. This gives a global scale and importance to the issue. Furthermore, the Taiwan issue not only touches upon security considerations but has also is a very emotionally charged topic. This means that the Taiwan issue has a high chance to touch the Chinese historical narratives. As such a Taiwan case study is suited for the both hypotheses without predetermining the results of the analysis. The following introduction of the Taiwan issue will include the historical development, economic cooperation and the actual conflict between both China and Taiwan. Domestic

aspects of the conflict, especially on the Taiwanese side, will be ignored, as they are outside the scope of the hypothesis.

It is possible to derive some predictions on the case study from both the value and interest hypothesis. The interest hypothesis would predict that China would undertake efforts to seize control of Taiwan. This could increase Chinese control over the region and decrease the US influence. But while peaceful methods would be preferred, China would also be ready to use coercive methods. But these would only be used if the risk for China could be minimized. China would also be interested into using the Taiwan relations to improve its wealth, and thus the Chinese latent capabilities. But this would be secondary towards security considerations. The value hypothesis would also predict that China would try to unify mainland China and Taiwan. This could be a meaningful step towards rebuilding the Tianxia and overcoming the Century of Shame. Yet the value hypothesis would assume that China would do so through cooperation. Coercive methods would be against Chinese values, as such methods would be illegitimate by both societal and transnational norms. China would instead promote trade relations of mutual benefit.

### **3.1.1. Background**

To understand the contemporary relations between the People's Republic of China (PRC) and the Republic of China (ROC)<sup>5</sup> it is necessary to look back in history at the origin of both states and how both states are related. Both countries are connected through a long standing argument on who has the sole right to represent a sovereign China. They each claim to be the legitimate Chinese successor state. This goes back to the Chinese Civil war between the CCP of Mao Zedong and the nationalist Kuomintang (KMT) of Chiang Kai-shek.

The island Taiwan used to be a part of the Chinese empire, which gradually colonized the island with Chinese farmers and made it part of the imperial system. Its useful location close to the established sea lanes made Taiwan an attractive location for a commercial center. This

<sup>5</sup>Both countries will also be referred to as China and Taiwan.

made Taiwan often a token of conflict between China and foreign powers. First was the commercial center Danshui one of the treaty ports which China was forced to provide by losing a war against the United Kingdom and France in the 1850s, and second Taiwan was seized several times by foreign powers, including Japan and France. After losing its war against Japan in 1895 Taiwan became part of the peace settlement. Taiwan was annexed by Japan which in turn established colonial rule on the island. The Japanese reign on Taiwan was at first characterized by an oppressive military ruling and later by an industrial and agricultural development program by civilian technocratic colonial governments. This period of Japanese rule on Taiwan would have a lasting impact at Taiwan, both economically and partially also culturally. After the Japanese surrender in the second world war in 1945 Taiwan was returned to Chinese control, or more precisely: To the ROC. Already during this time did the USA consider Taiwan as potentially strategically important in the region. Franklin Roosevelt and Chi-ang Kai-shek both agreed that Taiwan should be utilized to control the region with the possibility of naval blockaded and aerial bombardments if any power would disturb the post-World-War Two order. (Bush 2005, 15ff)

But the still ongoing Chinese Civil war went different than hoped by the ROC and the USA. The Kuomintang of Chiang- Kai-shek which already had started to establish control on Taiwan were forced to retreat to from the mainland . The ROC government was relocated to Taiwan in 1949 and the KMT started to secure its position there. This meant a purging of those who were perceived to be a threat. Together with the brutal quelling of an uprising in 1947 against the new rulers, this lead to the alienation between the original inhabitants and the KMT. Especially the early rule of the KMT was characterized by its excessive corrupt and oppressive system. The USA used to supported the KMT against the CCP but when opted to stop actively supporting them, as the defeat on the mainland was obvious. Although the victory of the CCP was considered to be against the security interests of the USA, the opinion in Washington was that assisting the weak and corrupt KMT might not be feasible. This included the defense of Taiwan. President Truman did even go so far as to announce in early 1950 that the USA would not intervene in the conflict and that Taiwan is a part of China. Already in 1943 Mao Zedong declares that the CCP aim would be to conquer all of China, this included not only the mainland but also Taiwan. Regaining control of the island to achieve unification and finally destroying the KMT were prime goals of Mao. Under this circumstances, and considering the reluctance of the USA to defend Taiwan, it was probably the war in Korea that saved the ROC. With the

North Korean invasion into South Korea the opinion in Washington towards the issue shifted. Fearing a greater movement of spreading communism in the region the USA send its 7<sup>th</sup> fleet into the Taiwan street with the order to stop both sides from attacking each other. This ultimately ensured the ROC's survival and the ROC was also able to acquire the Chinese seat in the United Nations security council as well as international recognition. Taiwan became a part of the American communism-containment strategies and in 1954 both the USA and the ROC declared a mutual defense treaty. Mainland China on the other hand did not stop its ambition to regain Taiwan. Both sides continued aggressive actions, although in smaller scale. Although the PRC lacked the capability to use military forces to conquer the island it did shell off-shore islands of the ROC in 1954 and 1958. Only the intervention of the USA could finally stop these mutual aggressions. Proposals for a "two-China" solution within the United Nations were rejected especially by Chiang Kai-shek, and the legal status of the two Chinas remained somewhat unclear. (ibid. 17-20)

The 1970s brought some changes to the status-quo. The PRC succeeded in continuously increasing the number of countries in the UN which recognize the PRC as the representative for China . As no "two-China" approach was accepted, this increasingly weakened the position of the ROC. The USA began to consider China as a potential counterweight to Russia and sought out ways to acquire PRC support. Beijing answered this change in politics with a number of demands. The USA should affirm that there is only one China, that Taiwan is an integral part of China and that it would not support and recognize the ROC anymore. In effect, this would mean to break diplomatic relations, end the defense treaty and to remove American military from Taiwan. The shift in the status-quo between PRC, ROC and USA came to its climax when Beijing finally managed to gather enough supporters in the UN to acquire the Chinese UN Security Council seat in 1972. The US Carter administration agreed to the Chinese demands for diplomatic relations in 1978. The USA henceforth would consider mainland China as the representative of China and Taiwan as a part of China. But this announcement included the propositions to continue relations with the ROC on an unofficial basis. The USA also announced that they prefer a peaceful solution. Yet this announcement was unilateral and wasn't joined by the PRC. Despite the severely weakened support for Taiwan, the USA did not stop assisting the ROC with arms sales. This shift in the status-quo between Taiwan and mainland China left the PRC in a very advantageous position against the ROC. (ibid. 20-22)



Deng Xiaoping, the Chinese president, tried to exploit this advantageous shift in order to resolve to the conflict in the CCP's favor. In 1979 Deng proposed a peaceful-unification framework that would enable direct talks between both parties over an end of the conflict as well as an economic opening between both sides. These first steps led to a second proposal in 1981, when Deng finally introduced the one-country two-systems unification strategy. This proposal meant that, besides the already offered economic opening, the PRC would also allow Taiwan to remain a special administrative region within China. Taiwan would have a strong autonomous position with its economic and social system and would be allowed to have continuous nongovernmental ties with foreign countries. The proposal went even so far as to concede Taiwan the right to have armed forces of its own. Furthermore, the leaders of the ROC would be allowed to assume positions in the PRC government. The ROC's leaders refused these proposals and still do so today, while the one-country two-systems also remains the official unification strategy of the PRC. The USA under the Reagan administration decided after some internal struggle, to support this new strategy of the PRC. (ibid. 22-24)

But in the end China did not succeed with its new approach. The ROC leaders continuously rejected the PRC's offer, and after the death of Chiang Kai-shek's son, Chiang Ching-kuo in 1988, the new Taiwanese president Lee Teng-hui initiated a democratization of Taiwan. The new political discussion included stronger demands for Taiwanese independence from China. This political shift, as well as a newly strengthened support by the US because of the democratization movement, coincided with other events. The Soviet Union lost the Cold War and dissolved. This removed the strategic motivation for the USA to cooperate with China, and it also opened the global weapons market which made Taiwan less dependent on weapon sales from the USA. Another major event was the Tiananmen Square massacre in Beijing 1989. This event severely damaged the Chinese reputation, and led especially the USA to a reevaluated stance towards China. The dynamic of the situation made a resolution of the Taiwan issue in Chinese favor even less likely. A political deadlock between both sides without hope of resolution would continue while economic ties would start to develop. This dynamics made "the 1990s a decade of economic convergence and political deadlock, of coexistence and conflict." (ibid. 26).

These elaborations lead to the more present relations between China and Taiwan. The decade of conflict and cooperation between both sides in the later 1990s provides useful material for the purpose of the case study. As noted before Beijing encouraged an economic

opening between China and Taiwan. This opening was a success in so far that trade between both sides increased considerably. It seemed that the economic opening was in the interests of both sides. In the 1970s, the CCP became increasingly determined to use economic growth as a source of political legitimacy. Yet growth was rather lacking, mostly because of the need of foreign Direct Investments (FDI). Taiwan on the other hand had issues with competitiveness. Although Taiwan had companies that successfully produced for the international market, they suffered from rising labor and land costs. This made the economic opening a win-win situation. Taiwanese investors had the necessary capital and had already the cultural affinity which made investment in China easier. China could thus profit from Taiwanese FDI. Taiwanese companies on the other hand could move parts of their production towards the cheaper Chinese mainland in order to reduce costs. This profitable situation led to a successive increase of FDIs and trade-volume between China and Taiwan. FDI from Taiwan towards China rose from a volume of \$7 billion in 1992 to \$78 billion in 2004. This meant that the bulk of Taiwanese FDI went towards China. Also the trade-volume rose accordingly. If the total trade-volume was only around \$6,5 billion in 1992, so rose it already to \$78 billion in 2004. China became an even more important trade partner for Taiwan than the USA. (Cheng 2005, 95-101)

This was and is an economically advantageous situation for both sides. Yet an often voiced concern on the Taiwanese side was the fear that China would acquire leverage on Taiwan through these economic ties. The numbers above have shown how dependent Taiwan as the weaker side of the deal is on its trade with China. Taiwan would thus be vulnerable, as its economy could be taken hostage by China, in order to press political goals. The intent to use the economic relationship politically was even officially stated by Chinese policy-makers. T. J. Cheng, came to the conclusion that this might not be the case. He claims that the costs for doing so would be very high for China. First have Taiwanese businesses moved production into China and export directly from there. Thus they are also responsible for the export of Chinese goods, which would be lost in the case of conflict. He also concluded that the mainly manufacturing based FDIs are very hostage resilient, as they would be easily substitutable because of the skills and brand values of the Taiwanese companies. And last but not least, the Taiwanese companies constitute important employers in mainland China, as well as a source of revenue. For all these reasons it would be difficult to politically exploit the Taiwanese FDIs in China. On the contrary, China might have more to lose than Taiwan in this issue. In line with this analysis China never used the FDI to pressure Taiwan, in none of the Taiwan strait crises. (ibid. 105-106)

While China and Taiwan developed a healthy economic relationship, both sides were politically deadlocked. China continued throughout the 1990s to try to win Taiwan for its One-China Two-Systems initiative. As Taiwanese decision makers were not completely opposed towards unification movements, a process of negotiations did occur. These negotiations began in the early 1990s with high hopes on both sides but these hopes quickly cooled down over the 1990s as China and Taiwan had problems to negotiate Taiwanese concerns over the process of unification. This led to increased tensions, as China acted aggressively on any tendency towards a Taiwanese independence. Chinese decision makers threatened with the use of force if Taiwan should declare independence and China never renounced that threat. (Bush 2005, 35-36) This always latent threat of force by China bears the continuous possibility of an escalation of the situation. Because of the American Taiwan Relations Act from 1979, which obliges the USA to provide Taiwan with the defense capabilities to defend itself, the USA is directly involved should a conflict actually break out. The rising tensions between China and Taiwan led to the so called Third Taiwan strait crisis in 1995-1996. China reacted to what it perceived as independence rhetoric by the Taiwanese president Lee with six missile test in the close proximity of Taiwan in 1995. These test were accompanied by movements of military forces towards the Chinese coastal regions near Taiwan. In 1996 China further escalated these actions with new missile tests and major military maneuvers in a timeframe which clearly was aimed at influencing the Taiwanese presidential elections. Yet the intimidation of the Taiwanese election was not successful, as president Lee was reelected. Furthermore, the USA sent ships to patrol the Taiwanese strait, for the first time since 1976. The US did take clear steps to support Taiwan in the case of conflict. In consequence of the increasingly cool relations also the negotiations between China and Taiwan cooled down. Although none of the subsequent Taiwanese presidents dared to make moves towards declaring independence much of the Taiwanese rhetoric hints towards the self-perception of being a sovereign country. The situation continued with a deadlock. In 2004 China enforced its threat against any kind of independence movement with a so called Anti-Secession Law. The Anti-Secession Law, which includes provision on the Chinese position on the relationship between China and Taiwan, includes one provision which announces non peaceful actions should Taiwan declare independence or should no other means of peaceful unification exist anymore. It also repeats the One-China principle as the guiding principle for the relationship of both countries. (International... 2005)

### 3.1.2. Analysis

With these elaborations on the nature of the Taiwan issue is now possible to compare the two hypothesis on Chinese foreign policy with the Chinese actions within this specific issue. It seems not surprising that Taiwan is bound to be a primal object within both hypothesis. In the context of the interest hypothesis Taiwan can be understood as a concrete security issue. The island represents a concrete challenge to the PRC's sovereignty. Furthermore the ROC has a close relationship with the USA. If Taiwan conducts balancing with the USA against China the USA could use Taiwan to exercise power in the region. The interests hypothesis clearly states that China would try to expel the USA from the region. China would also aim at increasing its own capabilities while also avoiding all kinds of separation movements. This gives the Taiwan issue a high priority in the context of the interest hypothesis. If China would be able unify with Taiwan and expel the US from the island, this would be a step closer to becoming a regional hegemon. But this is also the case with the value hypothesis. Because Taiwan both used to be a part of China and has also some claim on the Chinese historical narrative. These could be considered as a challenge to the historical narratives of Tianxia and the Century of Shame. If China wants regain a dominant position in the world and wants to overcome the shame of losing its dominant position when would China want to unify again with Taiwan. This would only be a natural goal derived from the value based hypothesis.

But while both hypothesis are easily able to predict the Chinese ambition towards the ROC and an unification of both mainland China and the island Taiwan they are very different in the assumption on how China would try to achieve that goal. The China depicted by the interest hypothesis would try to achieve its goals by all means which are feasible. This does not necessarily mean that China would wage war. Because the main goal would be to ensure the survival of the Chinese state. Such a China would rather avoid unnecessary risks, especially with the USA being involved in support of Taiwan. But such a China would also not shy away from using its power-projection capabilities. And China is in a clear position of strength in comparison to Taiwan. If the interests hypothesis holds true, China will try to enforce its goals, even if this means non-peaceful methods. And it can be argued that China indeed acts this way towards Taiwan. The fact that China never renounced the possibility to use violence against Taiwan is a strong indicator of that. In the early years of the relationship of Taiwan and China

is it possible to argue that China still tried to defend itself against an old enemy from the civil war. And in the years to come China still feel the threat from Taiwan, and thus only defend itself. This could still be part of the value based hypothesis, because the Century of Shame creates a narrative and incentive to defend China against outside intrusion into Chinese affairs. But this argument completely falls apart in the context of the beginning of the unification negotiations and the Third Taiwan Strait crisis in the 1990s. China was not under threat of Taiwan anymore and in a position of strength. The USA might have been supportive towards Taiwan but openly supported a peaceful resolution of the Taiwan issue. And China still choose to apply coercive methods to further its goals. This is exactly the kind of foreign policy which would be expected from the interests hypothesis. China was willing to coerce another country with missile test on the mere possibility that the Chinese goals are not met from the Taiwanese side. Using these missile tests against targets in the close proximity to Taiwan is a threat of violence. The Anti-Secession Law from 2004 can be seen as the peak of aggressive Chinese foreign policy towards Taiwan. This law included the intention to react with violence should Taiwan in result of democratic decisions opt for independence. The threat to use force and actual doing so if other options are not available are all part of the interest hypothesis. But the value hypothesis on Chinese foreign policy excludes this kind of conduct. China would tried to reach its goal in line with its understanding of a harmonious world. According to the value hypothesis China would only opt for peaceful and cooperation based options to further unification. The One-China Two-Systems strategy represents this idea actually quite well, as this strategy relies on compromises and mutual benefits for reaching its goals. But the predictions of the value hypothesis fall short in the way that China indeed tried to negotiate its One-China Two-Systems strategy. Only the original intention of the strategy might not be enough to accept the value hypothesis over the interest hypothesis. But it should still be noted that elements of the value based hypothesis are still present within this case.

The economic relations between China and Taiwan serve as the starting point to analyze the nature of cooperation between both countries. Both hypothesis make predictions on cooperation in Chinese foreign policy. It was explained that the economic relationship between China and Taiwan is one of mutual benefit. This is not necessarily a sign that the economic relationship is the results of a stronger role of values over interests in this case. The interest hypothesis argues that China will act in a way to realize relative gains, as mutual benefits could make potential enemies stronger. But in order to reach its ultimate goal of becoming the regional

hegemon China can also according to the interest based hypothesis not forgo to increase its wealth. The key argument here is that Taiwan is not an actual military threat for China. China is safe to seek out absolute gains over relative gains, as long as the other side is a minor power and not a major power. And Taiwan clearly is a minor power. Mutual beneficial economic relations are thus possible for the interest hypothesis. For the value hypothesis is this kind of foreign policy absolutely obligatory. Conducting trade and attracting FDI maybe the best way to reconstruct the Tianxia in a harmonious world, as China can acquire the wealth its needs to regain its dominant position without having to break with any of the Principles of Peaceful Co-Existence. This would mean that the economic relationship between China and Taiwan can both be the result of interests and values. But there is still one indicator which has to be considered. While arguing that China could use the economic relationship to coerce Taiwan into submission it was shown that Taiwan is actually less vulnerable than China. As such Taiwan could potentially hurt China through the economic ties. China did not only dismiss the possibility to utilize the economic relationship to further its goals, China also accepted a relationship that could actually be disadvantageous in the case of conflict. Both conclusions go against the predictions of the interest hypothesis. According to the interest hypothesis China would consider using the economic relationship to its advantages should China be in a position of strength, but should China actually be vulnerable because of the economic relationship, when would China actually try to avoid this kind of situation. Taiwan has close ties to the USA, and China could not exclude the possibility that this vulnerability will not be used against China. This leads to the conclusion that the value hypothesis predict the economic relationship better than the interest hypothesis. The role of interests cannot be completely be neglected, but the economic relationship between China and Taiwan indicates a stronger role for values.

The analysis to this point has shown that both interests and values play important roles for Chinese foreign policy in the case of Taiwan. Yet it seems that the overall role of interests is stronger than the role which values play. The value hypothesis can explain the goal of unification and the One-China Two-Systems strategy as well as the nature of the economic relationship. But China was and is using measures which are incompatible with the principles described in the Five Principles and the harmonious world concept. So even if the goal and the general strategy are impacted by the role of values, so is the role of interests still stronger in the actual conduct. This can still be concluded even if values play a stronger role in the economic

relationship than interests, because the interests hypothesis was in this case still not as strongly disproven as the value hypothesis with the aggressive behavior towards Taiwan.

### **3.2. Case Study 2: Japan**

The Sino-Japanese relations will constitute the second case study. The focus will be on the Senkaku issue and the Sino-Japanese economic cooperation. Japan can be considered as a major power in the same region with China. Japan and China have experienced military conflict in their shared history and are connected through political and economic interactions in the present. They also have security related issues with conflict potential, as for example the struggle over the Senkaku islands. This leaves room for analyzing both cooperation and conflict in Chinese foreign policy towards Japan. Therefore should both hypothesis have the potential to make predictions on how Chinese foreign policy could be in this case. the description of the case study begin with the a historical overview of the development of the Sino-Japanese relations before exploring the more contemporary cases of cooperation and conflict. The economic relations between China and Japan will provide material for analyzing cooperation while the Senkaku islands conflict will make a case of a security issue between both sides.

Predictions derived from the interest hypothesis would be that China perceives Japan as a regional rival that has to be overcome. Japan would be a major power that balances together with the USA against China. This would have two consequences for the Sino-Japanese relations. First China would attempt to limit Japanese influence in the region. If both countries come into conflict with each other, China would use as many coercive means as necessary as long as it doesn't risk conflict with the stronger USA. And secondly China would be very wary of interactions of mutual benefit. China wants to overcome Japanese capabilities significantly. This can only be achieved through relative gains. These wouldn't make economic cooperation impossible, if they are a necessity. But cooperation of mutual benefit would be limited and closely monitored. The value hypothesis on the other hand would emphasize economic cooperation. China would still be wary of Japan, because of the Japanese role in the Century of

Shame narrative. But China would have to deal with Japan in a positive way, if China would want to realize Tianxia. Even in the case of conflict would China attempt to seek solutions through mutual acceptable cooperation.

### **3.2.1. Background**

The Sino-Japanese relations which are subject to this case study have to be understood in a historical context. The relevant timeframe for this purpose begins with the 19<sup>th</sup> Century. China and Japan shared the experience of being opened by western powers by force. But both countries did go through very different development in reaction to this forced opening. While China went through the Century of Shame, Japan managed to initiate a process of modernization, where the traditional order quickly was replaced by a new system which aimed at catching up with the western powers. This enabled Japan to quickly initiate a process of industrialization and Japan was able to build up military capabilities. So although Japan used to be only a minor power without any significance for China, this situation completely changed with the 19<sup>th</sup> Century. In a mission to follow the western power's example on how to become a great power Japan waged and won wars on several occasions. Japan won against Russia in 1905 and annexed Korea in 1910. Japan and China fought a war from 1894 to 1895 in which Japan won control over Taiwan. Also during the first World War did Japan managed to conquer German held territories in China. Japan became a great power. But many of the new Japanese expansions were at the expense of China. This new rivalry came to its peak with the Japanese invasion in 1937. The war and the war crimes left a lasting impression in Chinese memory and the surrender of Japan in 1945 became an important date for Chinese nationalism. After the years of regional rivalry the end of the Second World War put both countries again in a situation of potential conflict. Mainland China became communist under the CCP while Japan was occupied by the USA, which made Japan a member of the anti-communist bloc. In this situation both countries had no official contact. Although China tried to reach out to Japan at some point through semi-official channels in order to potentially open opportunities for trade, it was not until 1972 that Japan and China normalized their relationship. In 1978 China and Japan signed the so called Treaty of Peace and Friendship which was an official peace treaty that included



provision directed against the Soviet Union. Before that Japan only signed a peace treaty with the ROC in 1952. (Söderberg 2002, 3-4)

This developments finally lead to the more contemporary Sino-Japanese relations. The normalization also allowed trade and economic cooperation between both countries. Although Japan and China could already trade with each other because of the Liao-Takasaki agreement from 1662, this trade agreement was still hindered by the difficult domestic situation of China. Especially the cultural revolution from 1966 on had a very damaging effect on trade. This made Japan early-on China's biggest trading partner. Yet the process of normalization in the 1970s truly initiated the bilateral trade . In 1972 the trade volume grow by 22 percent on a total of \$1.1 billion. Both sides agreed, next to the Treaty of Peace and Friendship in 1978 also on a first so called Long-Term Trade Agreement. Trade was very profitable for both sides, as China was in dire need of access to technology and financial investment while Japan was interested into securing access to Chinese raw materials. This development also led to an increase of FDI's into China by Japanese businesses. But besides FDI Japan also initiated the so called Official Development Assistance (ODA). The ODA was aimed at projects such as infrastructure and energy development, or environmental protection. This describes the nature of the Sino-Japanese economic cooperation in the 1970s and 1980s. Japan was in a very strong economic situation and although both sides had some struggles over the fact that Japan had a considerable trade surplus with China "there was a background mood of optimism: obstacles were acknowledged, but seemed capable of being overcome"(Dreyer 2016, 265). Even the Tiananmen Square massacre in 1989, which would turn out to be a huge diplomatic liability for the relations of China with many other countries ,damaged the Sino-Japanese relations only very temporarily. While the USA imposed sanctions on China, Japan was eager to return to business as usual. Japanese decision makers shared this desire with their Chinese counterparts. "The Beijing government repeatedly expressed its desire for Japanese investment to return to the PRC, arguing that politics must be clearly separated from economics. [...] In a relatively short period of time, the loans were indeed reinstated."(ibid. 267). China managed to recover from the economic fallback in the succession of the Tiananmen Square Massacre and the Chinese economy started to grow rapidly in the 1990s. But the Japanese economy on the other side began to struggle and found itself in the "lost decade". This created a new situation for the economic situation between China and Japan. While Chinese exports to Japan used to be mainly raw materials, China now started to produce more labor intensive and value added products

than before. This not only led to a decline of Japanese investment in China, it also led to a reconsideration of ODA. ODA became a point of conflict in Sino-Japanese relations. From the Chinese side, ODA was considered a kind of war reparations. But in Japan on the other hand ODA was seen as only development aid, and such aid came under increasingly strong criticism. The ODA were connected to certain requirements, as for example democratization efforts. And these were not met. It took until 2005 to reach an agreement on the remaining duration of ODA, and it finally ran out with the Beijing Olympics in 2008. (Dreyer 2016, 249-274)

In the more contemporary economic Sino-Japanese relations tables are clearly turned. Since 2002 China is the biggest source of imports for Japan and since 2009 China is also the major recipient of Japanese exports. In 2010 China overtook Japan's position as the second largest world economy after the USA. China was now on the stronger side of the economic relationship. Japanese FDIs into China are in a steady decline, it fell by 25 percent in 2015 alone. Sino-Japanese trade also suffered under the consequences of the Senkaku island conflict which will be described in the next passages. (Dreyer 2016, 274-279) An important question that now has to be answered is if the Sino-Japanese relationship is one of rivalry or one of mutual benefit. The description up to now has shown that the Sino-Japanese relationship is both characterized by mutual issues and benefits. Japan and China are both the East Asian countries with the largest economies. But even if China overtook Japan in its economic size, both are still in a situation of structural inequalities. Japan will continuously be better equipped with capital, technology and human skills, while China provides better low cost manufacturing. Therefore Japan and China are connected in complementary economic patterns which allow both sides to achieve a welfare increase through trade. (Hilpert/Nakagane 2002, 130-131) In consideration of different trends possible for the Sino-Japanese economic relationship Hans Hilpert and Nakagane Katsuji see hostility based trends as through state control initiated rivalry or market domination as less likely than trends of mutual benefit. They characterize the nature of Sino-Japanese trade by its unusual high value of bilateral trade interdependence. (ibid. 150-152)

“Thus in Sino-Japanese trade cooperation clearly prevails over conflict. As other bilateral economic transactions, notably foreign direct investment and ODA, are complements rather than substitutes for trade, it seems to be justifiable to generalise the predominance of a cooperative pattern to the overall economic relationship.” (ibid. 150)

As noted before economic cooperation became an important part of the Sino-Japanese relation. But there is also a rather long list of issues in the contemporary Sino-Japanese relations. Some, but not all, of these issues are: The recognition of Japanese war crimes and their representation in Japanese school textbooks, the close military cooperation between Japan and the USA, the Chinese fear of a new militarization of Japan and very different positions on the Taiwan issue. But the issue which will receive special attention here is the Sino-Japanese struggle over the Senkaku<sup>6</sup> islands. This particular group of islands is located in the East Chinese Sea, roughly in the middle between Taiwan, the Chinese coast and the Japanese prefecture of Okinawa. The Senkaku are currently controlled and administered by Japan as part of the Okinawa prefecture, but both China and Taiwan hold contesting claims. The ongoing struggle over the ownership of the Senkaku islands might be the most conflict rich aspect of the Sino-Japanese relations. This makes the conflict over the Senkaku island a useful object for the analysis in this case study.

The two contesting interpretations over the ownership of the Senkaku islands go back to the first Sino-Japanese war from 1894 to 1895. During this war Japan seized ownership over the islands. Japan then proceeded to incorporate the islands as so called terra nullius into the Japanese Empire. Although Japan was obliged by the Cairo Declaration of 1943 to return all conquered territories to their former owners Japan did not consider the Senkaku islands as territory that had to be returned. Not very surprisingly, China contested this. China argued that the islands were not terra nullius but Chinese territory. Therefore Japan would be obliged to return the islands together with the other surrendered territories to China. From the perspective of International Law, the question of ownership remains unclear. Although China might have the stronger claim, Japan already effectively administered the islands for a considerable time. The USA, which were controlling the islands as part of Okinawa until 1972, did return the control over the island directly to Japan. China protested against the transfer. But although the issue had the potential for greater intensity, as rich hydrocarbon reserves had been identified around the Senkaku islands, the issue still remained rather silent. Both China and Japan were interested in normalizing their relations and opted to postpone the solution of the issue to a later date. This

<sup>6</sup>Senkaku is the Japanese name. Other used names are: Diaoyu (PRC) and Tiaoyutai (ROC). For simplicity only Senkaku will be used.

unofficial agreement should ensure the status-quo over the islands. But this agreement eroded towards the end of the Cold War, and Japan broke the status quo with the official position that there is no dispute over the Senkaku islands, and that the islands are Japanese. China responded with stressing its claim on the islands. In 1992 China created the so called Law on Territorial Sea and the Contiguous Zone, where the contested islands were referred to as Chinese territory. Japan and China would experience a bilateral standoff over issue of the resources in the East China Sea, and in 2004 Chinese submarines even intruded into Japanese territory. (Pugliese/Insisa 2017, 44-46)

The Senkaku islands related tensions eased a little under Hu Jintao, . He favored new impulses for economic growth and sought ways to ease tensions with Japan. But although both sides signed the Japan-China Mutually Beneficial Relationship Based on Common Strategic Interests Agreement in 2006 the tension did not really decrease. This Japanese drafted agreement included terms about the demarcation of the Exclusive Economic Zones between both countries. If China agreed to that, it could have been considered as an acceptance of the Japanese claim over the Senkaku islands. And in the succession of this agreement Japan pushed for a follow up agreement which would aim at a joint development of the gas fields in the East China Sea. These gas fields are one of the reasons which make the Senkaku islands valuable. But already in 2008 China created a setback to the negotiations by moving vessels of the Chinese Marine Surveillance into the contested waters. Both China and Japan clashed diplomatically in 2010, when a Chinese fisherman rammed two vessels of the Japanese Coast Guard after intruding into the Senkaku waters. In 2012 the Japanese government purchased three of the Senkaku islands, which were formerly privately owned. Although this was intended as a means to calm the conflict between China and Japan this event further heated up the conflict. China understood it as a provocation and initiated more aggressive policies. Ever since 2012 Chinese naval and aerial vessels have intruded into the Japanese territory around the Senkaku islands. (ibid. 46-48) Chinese actions became increasingly aggressive. Although not necessarily only related to the conflict of the Senkaku islands, China successively increased its military spending. A substantial part of this military spending goes towards long-range power projecting capabilities such a as navy, air force or the artillery corps. The Chinese white paper from 2013 explicitly called out Japan as a potential adversary. And also in 2013 China introduced its new Air Defense Identification Zone (ADIZ). This AIDZ covered the area of the Senkaku islands and would require all aircraft entering the zone to accept Chinese administration over this

airspace or to risk interception by Chinese armed forces. This went against common practice and was perceived as an intended provocation by Japan. “Because of how it was created and the far-reaching rules it imposed, China’s ADIZ has been seen as offensive, not defensive, in nature” (International... 2014, 11) The Chinese AIDZ was challenged by both American and Japanese aircraft without any further consequences. But although this means that China does not mean to foster its claim on the Senkaku islands through the AIDZ yet, so could the AIDZ easily be utilized as a means to do so in the future. (ibid. 9-11)

### **3.2.2. Analysis**

It is now possible to analyze the Chinese foreign policy towards Japan on the role of values and interests. Japan and China are the strongest economies in East Asia and they are connected through events in history. Since the first Sino-Japanese war China and Japan have become direct rivals as the two major powers in the region. This rivalry between China and Japan can be seen as a security issue for China. If China would ever want to succeed in becoming a regional hegemon, China would have to surpass Japan with its latent and military capabilities. Japan used to be an acute threat in the past and is as an ally of the USA, which China would like to see expelled from the region, . As such, the foreign policy towards Japan is an important topic for the interest hypothesis. But Japan is also an element of Chinese identity. Japan is the clearest symbol of what is lost for the Chinese narrative of Tianxia. And in regards of the Century of Shame narrative Japan is actively remembered as one of the foreign aggressors which victimized China. Therefore also according to the value hypothesis, Japan plays an important role for Chinese foreign policy. The value hypothesis would seek the Chinese goal in regards to Japan in establishing relations of mutual benefit, in order to include Japan in the harmonious Chinese world order. That Japan used to be an aggressor would only make it more important to deal with Japan in such a way. The interest hypothesis predicts a Chinese foreign policy of containment, strict relative gains but also of potential balancing efforts.

The normalization of t Sino-Japanese relations which started in 1972 stood both in the context of the mutual ambition to establish economic relations and of efforts to create a counterweight to Russia. This does not yet allow conclusions on the role of values and interests.

But the nature of the development of the Sino-Japanese economic relations probably does, because it might show efforts of cooperation with mutual benefits. The elaborations of the last Chapter have shown that the economic relationship between both countries did considerably evolve since the normalization. Studies on the nature of the economic relationship provide the much needed information on the matter if the economic relationship is trending towards cooperation or rivalry. The answer was that Japan and China developed complementary economic patterns with mutual benefit. This kind of cooperation is strictly against the interest hypothesis, because this would mean to pursue absolute gains over relative gains. Japan is a rival major power that China has to be aware of. In order to surpass Japan within the region has China to be concerned about relative and absolute gains. Economic relations which are of mutual benefit do not help in overtaking Japanese capabilities. The interest hypothesis can still explain the early economic relations to some extent, as China was more interested in balancing against Russia and it could be argued that China did profit more from these early economic relations as Japan was already much further developed than China. Yet the economically stronger contemporary China would be more concerned about relative gains if interests play a dominant role. But the contemporary economic relations cannot be properly explained by the interest hypothesis. The value hypothesis on the other hand would clearly predict this kind of cooperation. China aims at regaining its old position through the building of a harmonious world. Cooperation of mutual benefit as in this case is the best strategy to achieve this goal. The trade with Japan, the FDI and ODA were a great help in developing China, but it is also advantageous for Japan. This could classify the Sino-Japanese relationship in this case as harmonious. For this reasons the Sino-Japanese economic relationship indicates a strong role of values in Chinese foreign policy decision making in this case.

But the Senkaku islands issue provides an alternative case of Sino-Japanese relations with a more security oriented character. As seen before security issues tend to favor the role of interests over values. The interest hypothesis predict that China will attempt to weaken the influence of other major powers and especially of the USA in the region while also increasing its control within the region. Contesting the ownership of the Senkaku islands fits this approach. China could increase its territory while weakening another major power and thus also decrease the influence of its ally. The interest hypothesis suggests that China will pursue its claim on the Senkaku islands and that China will not shy away from using even coercive means where it can to achieve the goal of realizing claims on the Senkaku islands. More cooperative approaches

which were partly provided by Japan have been rejected by China. So the Japanese proposal for an agreement which allows the joint development of the gas fields around the Senkaku islands can be understood as an attempt to provide a cooperative solution which would be of mutual benefit. But this proposal was rejected by China. Instead China was involved in a series of events which were intended to challenge the territorial sovereignty of Japan over the Senkaku islands. And also the implementation of the ADIZ in 2013 can be understood as a coercive means to further Chinese interests. The interest hypothesis can predict this kind of behavior, therefore interests do play an important role in Chinese foreign policy on the Senkaku islands. That not even more aggressive courses of action have been taken can be explained with the relative power levels of China and Japan, and also with the involvement of the USA. China would be prepared to use coercive means but would still feel the threat of an actual conflict as too much of a risk. But the question should be addressed if the value hypothesis is completely unable to predict and explain this kind of foreign policy. As noted before, Japan is part of the historical narrative of the Century of Shame. And having lost control over the Senkaku islands by losing a war against China suits the interpretation of China as a victim. This means the Japanese ownership of the Senkaku islands is actually a case of foreign intrusion into Chinese affairs. It is one conclusion from the Century of Shame narrative that China wants to prevent something like this from ever happening again. This could fall into the one condition where even the value hypothesis could predict aggressive action by China in order to achieve its aim. Therefore, the aggressive actions of China in regard of the Senkaku islands are not completely outside the scope of the value hypothesis. But the role of values would still be rather low in this case, because the Chinese values identified in this paper would always opt for peaceful measures over coercive measures. Yet, China show little interest in its foreign policy to apply cooperation and compromises in the case of the Senkaku islands. Therefore values play a much smaller role for the Chinese foreign policy towards the Senkaku islands than interests.

In summary the second case study does not provide a satisfying answer on the role of values and interests on Chinese foreign policy, as both are present. Chinese foreign policy towards the Senkaku islands is strongly influenced by interests, while the Sino-Japanese economic relations are strongly influenced by values. Yet it might still be possible to argue that values play a somewhat stronger role than interests. This is so because the entire nature of the contemporary Sino-Japanese relationship goes against a fundamental goal of the interest hypothesis: To become regional hegemon by surpassing the capabilities of other regional major

powers. But the current economic relationship is characterized by mutual benefits, thus by absolute gains. This is in this case a much bigger issue than with Taiwan. The security issues around the Senkaku islands on the other hand can still be understood with the value hypothesis, or more precisely: Because of the historical narrative of the Century of Shame. So even if the value hypothesis fails to predict Chinese coercive actions towards Japan it still carries a little more overall explanatory capability in this second case study.



## CONCLUSION

It was the purpose of this paper to achieve a deeper understanding of the driving factors behind Chinese foreign policy by putting the focus on the role of values and interests. Is China an actor defined by unique Chinese values? Or is China driven by its egoistic interests that China deserves the label “The China threat”? The unusually broad spectrum of interpretations of Chinese foreign policy described the research problem of this paper. Two research questions were introduced. This paper argued that interests and values can be explained by the application of two different theoretical frameworks of International Relations. These two theories are Offensive Realism by John Mearsheimer and Social Constructivism with a focus on norms. This made it possible to answer the first research question. The first research question asked about the specific nature of Chinese interests and values. The paper came to the conclusion that Chinese interests are defined by their ultimate goal to make China a regional hegemon. Therefore the most dominant interests of China are to increase its capabilities gap to other regional major powers, to expel the USA as the current regional hegemon and to improve Chinese control over its region. Chinese values on the other hand derive from Confucianism and are mostly defined through the Five Principles of Peaceful Co-Existence and the harmonious world concept. These values are connected to the main sources of Chinese identity: The historical narratives of Tianxia and the Century of Shame. Together, these norms and identities construct goals of Chinese foreign policy. These goals of Chinese foreign policy may be summarized by regaining a dominant position in a new harmonious world order and to overcome the Century of Shame. The second research question asked which role interests and values have for Chinese foreign policy. This paper attempted to answer this question by applying two hypothesis which are either based on Chinese values or interests on actual case

studies of Chinese foreign policy. Japan and Taiwan were chosen for these case studies, both were analyzed in context to the general development of their relationship with China, with their economic cooperation and with regard of a security issue. This analysis came to the conclusion that values and interests indeed play an observable role in Chinese foreign policy decision making. By applying the hypothesis on the case studies is it indeed possible to observe the roles which they do play in Chinese foreign policy. But it is difficult to differentiate the impacts which values and interests have. As expected, interests play a stronger role in security issues than values, while values play a more dominant role with the economic relations of China, because these usually build upon cooperation of mutual benefit. But overall, it seems that the goals of Chinese foreign policy are stronger influenced by norms, while interests play a stronger role while dealing with potential security issues.

One important note should be added to the conclusion. The results of the analysis do not translate into a comparison between Offensive Realism and Social Constructivism. Both theories have been used in a very peculiar way by merely using them to operationalize values and interests in foreign policy decision making. An actual application of the two theories would have been to analyze the case studies directly with the two theories. This might have been useful for comparing the two theories, but this would not have allowed the same kind of insight into Chinese foreign policy. Because it is the purpose of this paper to achieve a deeper understanding of Chinese foreign policy in regards to something very specific: Values and interests. This would maybe not have been possible while using such a general explanatory approach towards the issue.

But for a deeper understanding of the role of values and interests in Chinese foreign policy, it would have been useful to opt for a broader application in both the operationalization of values and interests but also with the case studies which provide insight in their potential role for foreign policy. A major school of International Relations theory Neoliberalism has been completely ignored in this paper. Yet, Neoliberalism could have provided an alternative and deeper understanding of interests or values. This could have led to different results in the case studies. And the case studies themselves are another aspect of this paper which could have provided a deeper understanding of the role of values and interests. This paper used only two case studies, and both in a rather narrow approach. By choosing more case studies, both hypothesis would have had opportunities to apply well with their rather general prediction on Chinese foreign policy. Other interesting case studies might have been, for example, the conflict

over the Spratly islands in the South China Sea and the Chinese relationship with the Association of Southeast Asian Nations, or the Chinese New Silk Road initiative. Also ,the two case studies themselves could have been deeper in their analysis. Both case studies have been handled in a way to make the analysis of the role values and interests possible. But it would have been possible to achieve a deeper level of information by not narrowing the case studies down as happened in this paper. The reason for not doing so is that it would have resulted in a much more ambitious research project beyond the scope of this paper.

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