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On behalf of the Journal of Sino-American Affairs Editorial Board, we are honored to present the inaugural issue of the Journal of Sino-American Affairs.

Founded as a joint venture between students at Stanford University and the University of California, Berkeley, the Journal of Sino-American Affairs is a student-led, student-run publication dedicated to providing a forum for young leaders to discuss political, economic, and cultural topics relevant to the U.S.-China relationship, and by extension global prosperity and security. Reflecting our mission of connecting emerging players in U.S.-China relations in a forum for engaged scholarship, the Journal’s editorial board is global and interdisciplinary, comprising undergraduate and graduate students from top institutions across the United States. Inviting submissions from a broad cross-section of backgrounds and views, we reached out to dozens of universities nationwide, calling for insightful contributions on the cultural, business, and political aspects of the U.S.-China relationship. We also began engagement on university campuses, partnering with student organizations at Stanford and elsewhere to further thoughtful and essential dialogue on critical issues.

From continuing trade tensions to disputes over cybersecurity, events testify daily to the enduring and growing importance of U.S.-China relations. In this issue, we are fortunate to feature contributions on a rich variety of subjects encompassing the Sino-American relationship, from a diversity of viewpoints. We invite you to read on topics ranging from the role of intergovernmental organizations on the U.S.-China trade war to an exploration of the historical structures behind Chinese perceptions of the U.S. and vice versa. We encourage you to learn about the impact of migrant regulations on structural inequality in China, and to examine the mechanisms and consequences of business groups affecting the U.S.-China relationship.

We have been honored to work with inspiring faculty and staff in launching this novel publication. We are grateful to the Institute for East Asian Studies at the University of California, Berkeley (IEAS) for their generous support and invaluable guidance. We also extend thanks to students and advisors at the Forum for American-Chinese Exchange at Stanford University (FACES) for their support and insights, and to numerous other leaders from across the country who provided their time and thoughts to helping shape our mission and focus.

We sincerely hope you enjoy reading the Journal’s inaugural volume. As an evolving publication, we welcome your thoughts and comments about our work. We also welcome student editors from across the globe to join our publication team, and invite submissions for our next issue. Please don’t hesitate to reach out to us at uschinajournal@gmail.com if you are interested in contributing, or if you have any feedback or inquiries.

With warm regards,

Aaditee Kudrimoti       Nikhil Shankar       Gregory Wong

Editors-in-Chief, Journal of Sino-American Affairs
THE EDITORS-IN-CHIEF

NIKHIL SHANKAR is co-founder and co-editor-in-chief of the Journal of Sino-American Affairs. A senior at Stanford University studying economics with a minor in mathematics, he previously served as co-president of the Forum for American-Chinese Exchange at Stanford (FACES). Nikhil is broadly interested in development and health economics, including topics such as the determinants of health over time, linkages between health and other development outcomes, and optimal ways to structure health service delivery in low-resource settings. Throughout his time at Stanford, Nikhil has worked on economics research projects on China and India. He is currently completing an honors thesis in economics, and hopes to pursue a career in academia and policy.

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GREGORY WONG is co-editor-in-chief of the Journal of Sino-American Affairs. A junior at the University of Chicago majoring in East Asian Languages and Civilization and Sociology, he also produces the UC3P Just China podcast and serves as the Chief of Staff of the Chicago Model United Nations Conference. His research interests focus on the formation of national identity, particularly in stateless regions, and the expression of identity through song. Gregory is currently completing an honors thesis in East Asian Languages and Civilizations, and hopes to pursue a career at the intersection of policy and academia.
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In designing this inaugural edition of the Journal of Sino-American Affairs, we challenged ourselves to design sections that were not only relevant to U.S.-China relations, but also provide our readers with an opportunity to reflect on how their values, morals, and cultural backgrounds shape their understanding of international affairs. Editors for the Political Culture section share the belief that if we as global citizens become more aware of our own and others’ cultural backgrounds, interpersonal dynamics, and values, we not only understand more about ourselves, but by extension we also understand more about our world.

We’ve designed our section as a forum for writers to reflect on what we can best describe as the socio-cultural norms, formal, and informal institutions that dictate how American and Chinese societies function, and how they are both the causes and effects of fundamental societal differences between the U.S. and China. We hope that political culture pieces highlight these differences and how they manifest in and dictate Sino-American Affairs. The “call-to-action” in political culture pieces is thus to encourage readers to reflect on how socio-cultural frameworks shape the political and economic affairs that constitute U.S.-China relations.
Discourse, Distrust, and Misunderstanding

Nicholas J. Romanow

*The University of Texas at Austin*

This past summer I travelled to Kunming, China to participate in a Mandarin language immersion program, which marked my first time travelling outside North America.

Months after returning to the States, I still struggle to answer the question, “How was China?” After studying for two months in China and being back in the United States for over a semester, I find myself reflecting more on the country I grew up in rather than the foreign land I just visited.

As expected, I was entirely cut off from social media and Western news. As a chronic “news addict”, I kept up with what was happening in the world by reading state-controlled English-language media, which has a tenuous relationship with facts. Biases aside, encountering Chinese views of the world enriched my understanding of American society.

The growing tensions between the United States and China are frequently described as clashes over competing interests or incompatible value systems. Yet, the “truest” source of escalating conflict has been the widening gulf between two distinct political religions. This distinction is deeper than differences over beliefs; it includes profound differences in the rituals for how citizens interact with each other and with their government and the creation myths of each society. The difficulty in Sino-American dialogue stems from very distinct social mores for approaching authority and redressing grievances. This has played out over the past year through escalating rhetorical warfare waged by the two governments.

For instance, Chinese government has a very low tolerance for dissent and criticism. Editorials angrily slam the West on a weekly basis for daring to criticize human rights abuses by the Communist Party such as the detention of Uyghurs and suppression of free expression. The government even goes so far as to dispatch “netizens” or individuals who comment on and spread positive news about the Communist Party and China. In any public controversy that touches China, such as the ongoing online chatter over turmoil in Hong Kong, netizens flood the discourse with pro-Party content.

“Bad news” only occurs outside of China. Even events like earthquakes, which no human or organization can possibly be blamed for causing, have been censored by the central government.

In Confucianism, the dominant philosophy in Chinese culture, respect for the elderly and tradition is a core theme. The Communist Party alludes to the chaos of colonial control of China and expound the importance of continued stability. Reverence for order isn’t unique to China, but it helps explain the development of the Chinese state. Obedience is expected while criticizing and questioning power are viewed as harmful and unwelcome.

This stands in stark contrast to the American political tradition. Deliberation — for better or worse — has been the foundation of American society since the start. When America’s first set of organizing principles, the Articles of Confederation, didn’t work out, the Founders met again to discuss and draft the Constitution. The governance of the United States evolves endlessly through time because Americans continually question and test the fundamental premises of our society. Why can’t Black men vote? Why can’t women vote? Is separate but equal actually equal?

Today, American discourse is chaotic, and our historical record has become a battleground for cultural dominance. Especially in my home-state of Texas, dueling narratives pit fellow citizens against one another. The University of Texas faced significant backlash for removing statues of Confederate figures and continues to receive scrutiny for buildings that bear the name of segregationist administrators. The movement that seeks to fulfill long-delayed justice is
often dismissed as revisionism by defenders who argue that it will eventually erase former slaveholders like George Washington from our history books.

Ironically, what China can’t afford to tolerate is what America can’t stand to lose: open discourse. American openness is a source of resilience. Honest conversations are seen as attempts to subvert the regime’s legitimacy, whereas in American society, hard truths are the first step toward atonement and reconciliation. Because issues can be confronted through social movements, widespread political violence is the exception, not the norm. Problems may be expressed and analyzed instead of suppressed and shunned. Deliberation yields slow but significant progress. Even in wartime, when other governments demand total unity from the public, America’s anti-war movements have drawn hundreds of thousands into the streets from the Johnson years over Vietnam into the 21st Century after the invasion of Iraq. Despite America’s long list of atrocities, the average citizen may type “Wounded Knee Massacre,” “Jim Crow,” or “Guantanamo Bay” into a Google search bar without suffering consequences. Criticism of government is not a dangerous act, but rather the norm for everyday American life.

Meanwhile, discourse in China is destabilizing because it practically never happens; when it does, it shocks the entire system. As demonstrated by this year’s controversy sparked by a sympathetic tweet about protests in Hong Kong from the General Manager of the Houston Rockets, the Communist Party even feels threatened by the free expression of individuals outside of China. This incident proves China is willing to utilize its “sharp power” to curtail basic freedoms here at home. A foreign power attempting to restrain American discourse is scary enough, but one of America’s most visible athletes, Lebron James, also warning citizens to “be careful what we tweet, what we say and what we do” is terrifying for First Amendment enthusiasts. An authoritarian government offended by an American’s tweet should not trigger self-censorship. This chilling effect – coming from both fellow citizens and tyrannical regimes – threatens to prevent critical conversations.

To paraphrase the economist Herbert Stein, things that can’t go on, won’t go on. Americans cannot continue villainizing each other and expect to rise to meet the challenges we face. America has never been a perfect place, but abandoning the ideal of the deliberative process leaves us with nothing to aspire to.

Our nation has its share of dark times and ugly truths, but a step back from the constant churn of scandal shows a different picture. Just as the most serene landscapes only come into focus from afar, the view from across the Pacific validates the literal Chinese translation for America: Meiguo, Beautiful Country.

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The Resurgence of American Sinophobia

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Synopsis: The United States has a long history of wariness towards China and those of Chinese origin. In the second half of the nineteenth century, popular bigotry led to the passage of major legislative acts which restricted the number of Chinese immigrants to the U.S., and the rights of those who had already arrived. This paper aims to examine the social context in which discriminatory policies against the Chinese populous arose and analyze contemporary forms of Sinophobia linked with the discussion on the recent Hong Kong protests and trade war.

A TROUBLED HISTORY

In 1882, the United States Congress passed a bill outlawing “the coming of Chinese laborers to the United States.” This bill, which came to be known as the Chinese Exclusion Act, is considered to be the first piece of American legislation to restrict immigration on the basis of race or ethnicity. It expanded upon the Page Act of 1875, which prohibited the immigration of women from China, Japan, or any “Oriental country” for the purpose of prostitution. The Chinese Exclusion Act was the U.S. government’s first major response to the massive anti-Chinese sentiments swept through the country.

In 1869, the first Chinese immigrants arrived in Denver, Colorado. By 1880, there were approximately 612 Chinese immigrants in Colorado, 238-450 of which lived in Denver. On the afternoon of Sunday, October 31st, a crowd of 3,000 gathered around the Chinatown district in response to a series of newspaper editorials blaming Chinese-run brothels for corrupting Denver’s men and Chinese immigrants for voting illegally in a local election. After the crowd easily overpowered the eight policemen on duty, the fire department was called in to disperse the conflict. The mob hurled rocks at the firemen and proceeded to loot the buildings of Chinatown. Despite several attempted interventions by bystanders, Chinese laundryman Sing Lee was beaten to death after being dragged through the streets by a noose.

Twenty-six months later, the Chinese Exclusion Act was signed into law by President Chester A. Arthur. Six years after that, the Scott Act of 1888 was added as an addendum, preventing any Chinese laborer who was a resident of the United States to be permitted re-entry if they left the country. These pieces of legislation were followed quickly by another landmark in Chinese-American history, the 1889 Supreme Court case Chae Chan Ping v. United States.

Chae Chan Ping was a San Francisco resident from 1875 until June 2nd, 1887, when he left for China Possessing a certificate allowing him re-entry into the U.S. He arrived back in San Francisco on a steamer from Hong Kong on October 8th, 1888, whereupon he was refused re-entry on the grounds of the newly-passed Scott Act. Ping was confined to the ship, where he petitioned for a writ of habeas corpus. The case made its way to the Supreme Court where the port authority’s decision was upheld, despite violating the Burlingame Treaty of 1868.

A decade later, America would become more involved in China. The end of the nineteenth century saw the formation of the Society of Righteous and Harmonious Fists in China, an order of mostly peasants which opposed all foreign influence in China, especially Christianity. After an extended drought in 1900 stirred widespread frustration, the Boxers were ready for a large-scale rebellion. Boxer mobs began besieging the foreign legations in Peking, and eventually gained the support of Empress Dowager Cixi. After multiple failed attempts, a coalition force of 6,000 European, Japanese, and American soldiers recaptured the city of Tientsin on July 14th. By August 14th, the international coalition, including 2,100 American troops, fought their way through Peking to the legation complex. Meanwhile, Empress Dowager Cixi fled the city disguised as a peasant. The Boxer Rebellion marked the beginning of the end for the Qing Dynasty, which would fall twelve years later.
Around the same time, California continued to expand its long history of Sinophobic legislation. In 1854, the California Supreme Court denied Chinese people the right to testify against white men in a court of law (it should be noted that African Americans and indigenous people had already been denied this right). On October 24th, 1871, a shootout between Chinese men in Los Angeles’ Chinatown district devolved into a mob lynching after a white man was shot to death by the Chinese fighters. By the end of the day, eighteen Chinese residents were lynched, only one of which was believed to have actually participated in the gunfight. In November 1901, the mayor of San Francisco, James D. Phelan, called a convention of 8,000 delegates to “[express] the sentiments of the State of California on the reenactment of Chinese exclusion laws,” because the acts, “have been most advantageous to the State”. The following year, PL57-90-1 “reenacted, extended, and continued,” the Scott Act of 1888.

The series of Chinese exclusion acts were not repealed until 1943, when President Franklin Delano Roosevelt wrote a letter to Congress urging the dissolution of the laws. Roosevelt recognized that it would be important to strengthen ties with China since they were an ally in the fight against Imperial Japan. He believed the overturning of such exclusion acts “would be additional proof that we regard China not only as a partner in waging war but that we shall regard her as a partner in days of peace”. One month later, a bill was passed which repealed both the Exclusion Act and Scott Act.

**CONTEMPORARY ISSUES**

The past few years have seen a major resurfacing of Sinophobia in American politics. Two and a half minutes into Donald Trump’s campaign announcement for the 2016 election, he was already remarking on China, stating “When was the last time anybody saw us beating, let’s say, China in a trade deal? They kill us. I beat China all the time. All the time.” This alarmist rhetoric toward the power of China evokes the nineteenth century fears of Chinese immigrants taking jobs from white laborers. Later in 2016, Trump claimed “we can’t allow China to rape our country,” and that the trade deficit was “the greatest theft in the history of the world.” This language mimics that of “Yellow Peril” rhetoric which demonized the Chinese as a corrupting influence on the white race.

A recent poll from August 2019 shows 76% of farmers support Trump, despite suffering from adverse effects from his trade war. Such strong support is believed in part to be due to his perceived progress in dealing with China. A recent Pew Research Center poll showed that approximately 60% of Americans have an unfavorable view of China. This increase of 13% from 2018, according to Pew, is the highest unfavorability rating since the poll began.

President Trump’s administration has been antagonistic towards China in more than just trade policy. On October 16th, the State Department announced Chinese diplomats in the U.S. must inform them in advance of official meetings with any state or local officials, or visits to educational or research institutions. The decision was framed as the State Department reciprocating actions that China has in place for U.S. diplomats, stating, “PRC diplomats stationed here in the United States are, of course, able to take full advantage of our open society to meet with a whole range of Americans. This is, of course, as long as
the federal government is notified first.

Recently, the protests in Hong Kong over the PRC’s new extradition bill have brought on a second wave of criticism against the Chinese government. The nature of this event, the conflict over China’s extradition bill, and the fears that it violates Hong Kong’s autonomy has made an excellent target for pundits and government officials to fire charges of oppression at. In an opinion piece on October 1st, assistant editor of the Wall Street Journal and Fox News contributor James Freeman criticized China in response to President Trump sending a ‘Happy Birthday’ tweet on the 70th Anniversary of the People’s Republic of China. After quoting a journalist who responded to the President’s tweet with “Go gangster communism,” Freeman responded, “As if communism needs a modifier to emphasize its criminality.” The act of comparing Chinese government officials to criminals, regardless of the accuracy of the statement, is far too close to the accusations of corruption which brought a mob to destroy Denver’s Chinatown district. There has been charged rhetoric from government officials as well. Vice President Mike Pence lent support to the Hong Kong protesters, saying that intervention from Beijing violated “a binding international agreement,” similar to the Burlingame Treaty of 1868 the U.S. violated with its 1888 passage of the Scott Act. In a radio interview, Senate Majority Leader Mitch McConnell stated that Hong Kong has, “enjoyed a Western-style democracy for a very long time,” using the common ideological juxtaposition of west versus east.

Recently, these feelings have made their way into legislation. In mid-October, the House of Representatives passed three bills in support of the Hong Kong protestors. The first bill proclaimed U.S. support for the right of the people to protest, the second established annual reviews of Hong Kong’s status as a Special Autonomous Region, and the third ensured that HK police responding to protests were not using American weapons.

CONCLUSIONS

The past four years have seen a resurgence of Sinophobic rhetoric and legislation in American political life. This is especially prevalent within the Trump administration, led by a man who jokingly turned to the sky and called himself “the Chosen One” who would start and win a trade war with China. However, both Democratic and Republican politicians have supported legislation that supports Hong Kong protestors, which Speaker of the House Nancy Pelosi called “important reminders of U.S. support for human rights.”

The People’s Republic of China is far from perfect, and many of its recent actions deserve criticism and legislative action, such as the imprisonment of approximately 10% (around one million) of Xinjiang’s Uighur Muslims in reeducation camps. However, it is the responsibility of all Americans to be aware of the history and racist tropes America has entertained with regards to China. If the American people aren’t careful in policing the bigotry propounded by politicians and the media, we may see another dark mark on American history.

DEREK JOSEPH CROSS is a third-year undergraduate at the University of California, Berkeley studying History. The views and opinions expressed are those of the author and do not purport to reflect those of the Journal of Sino-American Affairs.

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The past year marked a particularly tumultuous period in U.S.-China relations. The ongoing economic conflict between China and the United States as well as rising political frictions contribute to the deterioration of trust and amicable sentiments established over the last few decades. People-to-people exchanges are particularly affected by this new dynamic, as foreign policy becomes increasingly affected by mistrust and misunderstanding on both sides.

At the Journal of Sino-American Affairs, we strongly believe that education and academic exchanges are some of the most powerful tools for furthering international relations. While we may not be content with today’s fragile state of U.S.-China relations, we are excited to confront the existing bottlenecks by establishing this new platform for exchanges between young scholars on both sides of the Pacific. We hope that JOSA will be able to bring China and the United States closer together, so we can remind ourselves that, to borrow from Tang dynasty wordsmith Wang Bo, “When one has a close friend in this world, the far ends of heaven are like next door.”

The submissions reviewed by the editorial team of the Political Science section were all of an extraordinarily high caliber. We remain grateful for each and every one of them, as we have felt genuinely honored to work with so many talented young scholars seeking to challenge the status quo in Sino-American relations.
Rethinking the Myth of a U.S.-China “New Cold War”

John Chua
Harvard University

In the throes of escalating tensions between the US and China, the concept of a “new Cold War” has gained increasing currency in Washington’s foreign policy circles. The invocation of this historical analogy captures well the hawkish turn in the emerging American elite consensus towards China, especially the renewed view of China as a “strategic competitor” in geopolitics, trade, technology and human rights. It also reflects the growing sentiment of a need to “contain” China, exemplified in former State Department Director Kiron Skinner’s call for an updated “Article X” towards Beijing. I argue, however, that the “new Cold War” analogy clouds, rather than clarifies, our understanding of the nature of the U.S.-China strategic relationship. The historical parallel between present-day U.S.-China relations and the former U.S.-Soviet rivalry does not stand up to close scrutiny. If anything, its zero-sum dynamic and absolutism might both worsen America’s relations with China and endanger its ties with its allies.

To begin with, the economics of the U.S. and China are profoundly intertwined, resulting in an interdependence that is fundamentally distinct from the character of American economic competition with the former Soviet Union. The U.S., for instance, needs China to service its ballooning debt - with $1.1 trillion worth of Treasury bonds, China is currently the U.S.’ biggest foreign creditor. China’s booming middle class also provides an opportunity for revenue and job creation for American companies, with China estimated to purchase up to $90 billion worth of American goods over the subsequent several years. Similarly, China relies on the U.S. as an export market, as over half of its annual surplus of almost $1 trillion in manufactured goods is dependent on trade with the U.S. Whereas the Soviet Union’s autarkic economic model saw it function largely independently from the U.S., the Chinese and American economies are inextricably bound together, constituting a key difference in U.S.-China relations today from the Cold War period.

Beyond economic interdependence, there is also no irreconcilable ideological gulf between the U.S. and China. The Cold War was characterized by a conflict between two universal and diametrically opposed ideologies - free market capitalism in the U.S., and communism in the USSR. In contrast, although China under the Communist Party is nominally Marxist, it has in practice adopted free market principles in its domestic economy. Moreover, globalization has rendered the issue of ideology less salient in the U.S.-China bilateral relationship, especially in the eyes of the younger generation. American popular culture has permeated China, with Hollywood films, Netflix serials and Disney animations being tremendously popular amongst Chinese youth. Hundreds of thousands of Chinese students study at any given time at American educational institutions, imbibing and bringing home Western cultural influences. Bearing testament to this, a 2016 Pew survey showed that sixty percent of Chinese aged between 18-34 have a positive view of the US - a far cry from the diametrical ideological opposition of the Cold War.

Corollary to this, it is impossible to bifurcate the existing world order into two ideologically and economically distinct blocs as per the Cold War. Most countries in Asia, for instance, have sought to avoid choosing between America’s traditional guarantee of security and China’s increasingly significant economic relations. As Singapore Prime Minister Lee Hsien Loong observed at the 2019 Shangri-La Dialogue, “all of the U.S.’ allies in Asia, including Japan, South Korea, the Philippines, Thailand and Australia, as well as many of its friends and partners, including Singapore, have China as their largest trading partner.” For this reason, the leaders of committed American allies such as Australia and South Korea have publicly stated their desire to avoid having to make a binary decision between the U.S. and China. More fundamentally, the current world order is trending towards multipolarity rather than Cold War-era bipolarity. With regional blocs such as the European...
Union and ASEAN, as well as regional powers such as India and Russia, an Iron Curtain division as in the Cold War period is clearly not possible in today’s geopolitical landscape.

The ostensible “new Cold War” between the U.S. and China also falls far short of the threshold for “war”. The great power rivalry between the U.S. and the USSR was characterized by armed proxy conflicts, such as the Korean War, the Vietnam War, the South African Border War and the Afghan War. In contrast, competition between the U.S. and China has been largely geostrategic and economic, with both countries jockeying for influence in different regions or competing with each other in terms of technological development. Despite potential flashpoints such as the South China Sea, Taiwan and Hong Kong, the U.S. and China have studiously avoided actual proxy conflict in these areas. Indeed, Chinese censors have removed ultranationalist calls for war with America at periods of particularly tense relations between both countries, speaking to this deep-seated aversion to military confrontation. Competition between the U.S. and China is therefore of a fundamentally different nature than in the Cold War.

Finally, unlike the zero-sum dynamic of Soviet-American relations in the Cold War, there are numerous shared challenges confronting both the US and China that require mutual cooperation. Climate change, for instance, threatens both nations in ways that would be politically and economically destabilizing. With the U.S. and China accounting for more than forty percent of total global carbon emissions, any kind of solution to the climate crisis would necessitate joint commitment and partnership. Likewise, both countries possess a common interest in halting nuclear proliferation on the Korean peninsula to ensure stability and regional security, an issue rendered particularly salient in the context of Pyongyang’s ongoing weapons testing. Given the dependence of Pyongyang on Beijing, any form of concession extracted from North Korea would demand the concerted diplomatic efforts of China and the U.S.

To be sure, none of this detracts from the need for a firm and coherent American response towards China. What this does show, however, is that the conceptual lens of a “new Cold War” can frame a potential grand strategy towards China in dangerous and undesirable ways. Emphasizing the ideological differences between the U.S. and China, for instance, worsens threat perceptions by underscoring what Kiron Skinner described as a “fight with a really different civilisation and a different ideology.” Likewise, to overlook the economic interdependence between the U.S. and China is to obscure the significant mutual harms that an extreme policy like decoupling might engender. Forcing countries to make an inimical choice between the U.S. and China might erode America’s deeply established ties with its allies, while failing to understand the fundamentally different nature of great power competition in the 21st century could lead to unnecessary brinkmanship and a slippery slope to military conflict. In the same way, if U.S.-China relations are conceived of in zero-sum terms, opportunities for partnership against the cross-cutting challenges confronting both countries will be lost. Taken to its historical conclusions, the “new Cold War” analogy might force America onto an unintended yet perilous path of no return.

Ultimately, the emergence of the metaphor of the “new Cold War” speaks to a growing recognition of the end of America’s unipolar moment, and the need for a new grand strategy to navigate the geopolitical ambiguities of China’s rise. Nevertheless, it also simplifies the complexity of this challenge in misleading and even harmful ways, escalating American tensions with China while endangering its relations with its allies. The future of US engagement with China cannot be based upon superficial tropes or trite analogies - it demands instead thoughtful analysis and open dialogue about the challenges and prospects surrounding the strategic relationship, shedding light on the most constructive way forward.

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In Persistent Pursuit of Assured Retaliation

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Synopsis: In the last few years, the People’s Republic of China (“PRC”) has worked to modernize its nuclear forces. Some observers fear that the PRC’s modernization efforts represent a change in its historic nuclear strategy of assured retaliation. However, this paper argues that—despite the recent modernizations—China continues to follow a strategy of assured retaliation. Instead of reflecting a change in its nuclear strategy, China’s nuclear modernization efforts illustrate the PRC’s desire to maintain its retaliation capability in the face of US and Russian strategic innovations. To argue this point, this paper proceeds as follows: first, it establishes an overview of the history of China’s nuclear weapons development (in order to determine the main tenants and overall consistency of China’s nuclear strategy); second, it analyzes China’s current nuclear policy and development; third, it evaluates the arguments for, and against, Chinese nuclear weapons modernization. This analysis demonstrates that China maintains an assured retaliation capability, and likely will for the foreseeable future.

THE HISTORY OF CHINA’S NUCLEAR WEAPONS DEVELOPMENT

For the entirety of its history, the People’s Republic of China has been forced to live under the threat of nuclear attack. Indeed, it was US nuclear threats during the Korean War that led the Chinese to adopt a defensive, non-coercive deterrent strategy of assured retaliation. Although China’s increasing resources provide ample opportunities to vastly increase the size and capability of its nuclear forces and pursue a more aggressive nuclear strategy, China continues to pursue a strategy of assured retaliation.

EARLY CHINESE NUCLEAR POLICY

China’s decision to build the bomb can be linked to the United States’ nuclear threats in the Korean War. Indeed, the PRC itself said as much when it released a statement in 1964, after the success of Project 596 (its first nuclear weapons test at Lop Nur). It explained that China developed nuclear weapons “for protecting the Chinese people from U.S. threats to launch a nuclear war.” The statement defended the decision to conduct the test by saying China was doing it “under compulsion.” In other words, China stressed it was pursuing nuclear weapons for safety, not coercion. Since this initial defensive motivation to build nuclear weapons capabilities, China has sought a credible deterrent capability.

In addition to identifying the perceived US aggression as the primary reason behind China’s decision to build the bomb, the 1964 PRC statement after Project 596 also laid out the core of what would become China’s nuclear policy. It stated that, “China is developing nuclear weapons not because it believes in their omnipotence nor because it plans to use them.” Thus, two principles emerged to guide China’s initial approach to nuclear weapons: a no-first use pledge and reliance on a small force of nuclear weapons capable of executing retaliatory strikes if China is attacked. In this regard, China’s nuclear strategy is a purely defensive and non-coercive strategy of deterrence.

Choosing such a strategy distinguished China from the US and the Soviet Union in the Cold War. Indeed, China could have pursued a variety of options to deter nuclear attack or resist nuclear blackmail. However, it chose a conservative strategy, primarily because of the Chinese leadership’s perspective on nuclear weapons. Both Mao Zedong and Deng Xiaoping saw nuclear weapons merely as tools to deter aggression and coercion, not as offensive tools to be used in combat or to accomplish military goals. This viewpoint shaped an underlying strategy that was overwhelmingly defensive in nature, not coercive. In this regard, the strategy is best described as one of assured retaliation—a strategy in which a small number of survivable nuclear weapons achieves deterrence because it assures unacceptable damage to the adversary. Thus, China’s idea of deterrence was not concerned with establishing nuclear equivalence with adversaries, but only the assurance that China could retaliate.
In sum, China’s early nuclear policy consisted of a no-first use pledge and commitment to a purely defensive, non-coercive deterrent strategy.

**EARLY CHINESE NUCLEAR CAPABILITY**

The issue with China’s strategy of assured retaliation is that for it to be credible, China’s nuclear force must be survivable, reliable, and penetrable. For the duration of the Cold War China’s nuclear forces did not meet these criteria. Thus, for most of China’s nuclear weapons history, it did not possess the capability to credibly implement its assured retaliation strategy.

For a significant duration of its history as a nuclear power, the PRC was nowhere close to possessing the nuclear infrastructure required to fulfill its assured retaliation strategy. Indeed, for decades, China did not try to improve its small nuclear force whose survivability was severely questionable. Specifically, China’s vulnerability had two primary dimensions in that it was both small and unsophisticated. For example, a United States National Security Council report estimated that the PRC’s deterrence force in 1993 consisted of roughly 60 to 70 ballistic missiles. Compared to other countries, this means China has historically held one of the smallest nuclear arsenals in the world. Certainly, China was pursuing a minimal defensive strategy that did not require enormous arsenals, unlike the US and the Soviet Union. Nevertheless, China’s leaders never truly had, or indeed sought, an understanding of what might be required for a credible assured retaliation force. Furthermore, assured retaliation requires that one’s force is survivable, reliable, and penetrable; yet, for three decades, China never even developed an operational nuclear triad. A nuclear triad means a country’s nuclear arsenal can be delivered by land (ICBMs), air (bombers), and sea (submarines). This is essential for the survivability of a country’s nuclear arsenal, because it makes wiping out the entire nuclear arsenal very difficult and, thus, provides an opportunity for nuclear retaliation. In regards to China, not only did it not even have a triad, none of its elements were adequate. For example, if one considers China’s land-based missiles during the Cold War, by far the most capable of the three legs of the triad, the inadequacy of China’s nuclear capabilities is clear to see. The first problem was that China’s land-based Inter-Continental Ballistic Missiles (“ICBMs”) were vulnerable to first strike because of the lengthy preparation required to launch. The severity of this problem cannot be understated, because an assured retaliation strategy is built on the precondition that others use nuclear weapons first. Thus, if China’s nuclear weapons are vulnerable to a first strike, its deterrent credibility under assured retaliation is gone. However, even if some of China’s ICBMs were to survive a first strike, China did not possess an ICBM capable of striking either Moscow or Washington until the early 1980s. Thus, China could not even fully retaliate against the two countries that presented the greatest nuclear threat. These problems underlying Chinese ICBMs illustrate that China’s nuclear capability, certainly during the Cold War, was inadequate and did not provide a credible foundation to China’s assured retaliation strategy.

It should be questioned why China would maintain such a weak nuclear force capability that opposed its stated nuclear strategy of assured retaliation. Fravel and Medeiros point to numerous institutional factors that made China unable to pursue an adequate nuclear capability for its assured retaliation. Specifically, they point to “a lack of attention and resources within the PLA, a political environment among strategists that constrained such work, and a lack of expertise on nuclear strategy issues throughout China’s national security bureaucracy.” Fravel and Medeiros argue that these three factors combined explain the PRC’s weak nuclear force capability before the 1990s.

While it is beyond the scope and purpose of this paper to address whether Fravel and Medeiros’ argument is accurate, the underlying premise is that there was a severe gap between China’s nuclear strategy of assured retaliation and its nuclear capability. This is an essential point for this paper’s argument, because China’s nuclear weapon modernization efforts in the past two decades do not inherently signal a change in strategy. Rather, they simply reflect that China is finally building a nuclear capability that credibly deters under an assured retaliation strategy.

**CURRENT NUCLEAR POLICY AND DEVELOPMENT**

It took over two decades for top military leaders to begin recognizing that China needed a “certain power
to strike back.” This did not mean that China needed to have proportional number of nuclear weapons with its rivals, but it did mean that China had to “strengthen the survivability” and “shorten the preparation time” of its weapons, so that it could actually carry out the retaliatory attack that was supposed to be assured. In other words, China did eventually realize that it needed to update and modernize its nuclear force so that it actually reflected their strategy of assured retaliation.

**STRATEGY**

Chinese nuclear strategy remains assured retaliation. There is no sign that the PRC has officially diverted from its traditional policies of a no-first-use pledge and a minimum deterrent to ensure a survivable second-strike capability. Indeed, it is remarkable how consistent China has remained to its strategy. This consistency is significant for two connected reasons. First, in the 1990s, the People’s Liberation Army (“PLA”) was liberated from many of the political and technical constraints of the 1970s and 1980s, and second, PLA conventional doctrine changed significantly, highlighting that change in the military is quite possible. Indeed, the PLA received new funding for general force modernization, but this did not lead to a shift in nuclear strategy and doctrine. Whereas many areas of Chinese public policy have changed in the wake of the passing of those leaders, including Chinese foreign and defense policies, China’s nuclear weapons policy has not. This is quite significant when one acknowledges that since the 1990s, China’s military budget substantially increased, China’s economy expanded, and the PLA’s institutional capabilities improved. In other words, the previously mentioned constraints that were identified by Fravel and Medeiros were removed, but still, Chinese nuclear strategy did not suddenly change. Instead, a strategy of assured retaliation remains the minimal deterrence strategy of choice for China.

Even under President Xi Jinping, who has certainly made vast changes in the PRC’s and PLA’s institutional structures, there is an adherence to assured retaliation. For example, on December 5, 2012, three weeks after assuming office, President Xi visited the Second Artillery Corps, which operates China’s land-based nuclear missiles. A first-hand account of the speech reports that Xi confirmed that the leadership’s view of Chinese nuclear weapons policy remained unchanged.

**CAPABILITIES**

China’s nuclear arsenal is thought to include about 280 warheads for delivery by ballistic missiles and bombers. Furthermore, to deliver these warheads, China is estimated to have between 120-130 land-based missiles, 48 sea-based ballistic missiles, and bombers. This force size is significantly smaller than the nuclear arsenal of either US or Russia, and there is also no evidence to suggest the existence of a Chinese non-strategic arsenal (which would signify a coercive intent to strike an enemy’s nuclear forces). Both of these factors are extremely important, as their development would significantly question whether China was genuinely pursuing a strategy of assured retaliation.

In terms of the triad, China now possesses all components of the triad, although its ICBM program is still the cornerstone of its nuclear strategy. The land-based ICBM missiles include approximately 120 nuclear-capable missiles that can carry 186 nuclear warheads. For submarines, China currently operates a fleet of four Jin-class (Type 094) nuclear-powered ballistic missile submarines (SSBNs), all of which are based at Longposan naval base near Yulin on Hainan Island. The Chinese SSBN fleet still struggles with many doctrinal, technical, and operational constraints that need to be overcome to make this leg more effective. For example, for a Chinese SSBN to hit targets in the continental US, it would have to sail across the East China Sea, through dangerous choke points, where it would draw attention and be vulnerable to hostile antisubmarine warfare. Finally, it is estimated that Chinese H-6 bombers do not have a primary nuclear mission (indeed, it may even be dormant). Overall, it is clear that China’s nuclear triad is not overwhelmingly effective, and it is not built to accomplish any strategic objective beyond assured retaliation.

Finally, unlike the US and Russia, China currently keeps its nuclear weapons off alert. This means that nuclear warheads are not mated to the delivery vehicles. This state of affairs, unchanged since the beginning of China’s nuclear program, reflects that China still pursues a defensive strategy of assured retaliation.
MODERNIZATION

The turning point of China’s nuclear modernization was the bombing of the Chinese Embassy in Belgrade in 1999. After the bombing, China realized that it needed to upgrade its ineffective force to develop a genuine credible nuclear deterrent against the US and other rivals. Yet, even though this represented the turning point, it still took several years for China to truly begin engaging its modernization programs. Indeed, China can only be said to have possessed a credible second-strike capability against all nuclear adversaries by 2010, it’s goal since the Lop Nor test in 1964. In general, China’s recent nuclear modernization includes three aspects.

The first aspect of China’s recent nuclear modernization involves maintaining the safety, security, and reliability of its nuclear stockpile. Of the aspects of modernization, this is by far the least controversial, and indeed the one that has experienced least change. China has long tried to ensure the safety of its nuclear warheads. Primarily, this has been accomplished through the “Great Redoubt,” also termed the “Underground Great Wall of China.” These terms refer to the system of underground facilities that China has spent decades developing in order to create protection against a US nuclear attack. These efforts go as far back as Mao, before China acquired its own nuclear weapons. Enormous effort and expense went into constructing this vast network of tunnels and underground facilities. Nevertheless, because this system of underground tunnels and bunkers has long been a part of Chinese nuclear forces, it does not represent a significant recent modernization effort. It is merely a continuation of previous efforts.

The second aspect of China’s nuclear modernization involves upgrading nuclear delivery systems and developing new generation delivery systems with better survivability, with a focus on increasing the mobility of nuclear forces. While this second aspect is somewhat tied to the first in that the tunnels are utilized, the emphasis here is on modernizing the weapon delivery systems themselves. Under assured retaliation, a core assumption is that China must be able to absorb a first strike. In other words, by mounting ICBMs on mobile launchers and hiding missiles in deep bunkers, China makes it extremely difficult for its rivals to knock out its nuclear forces with a first strike. More recently, the development of land-mobile and submarine-based missiles appears to be intended to further decrease the vulnerability of Chinese missiles to attack. Therefore, this second aspect of modernization remains in line with China’s strategy of assured retaliation, as it intends to ensure China can actually retaliate after being attacked.

The third aspect of China’s nuclear modernization involves developing penetration capability. The People’s Liberation Army Rocket Force has been intent on getting new and better missiles, with warheads consisting of MIRVVs (“Multiple Independent Re-entry Vehicle warheads”) and penetration aids. The MIRVs are designed with multiple warheads in order to ensure that at least one warhead will make it past missile defenses. Often, some of the warheads will actually be “dummies” and will not actually have a nuclear capability but are merely designed to confuse radar and missile defense. This aspect of China’s nuclear modernization has likely garnered the most criticism and opposition by western viewers. Nevertheless, the development of MIRVs and penetration technology is not intended to be used as a counter force tool (against enemy’s nuclear weapons), which would involve a more offensive nuclear strategy. Rather, the development of MIRVs is merely intended to ensure China’s nuclear deterrent can credibly retaliate if it needs to.

Some have argued that China’s nuclear modernization is even more expansive than the three aspects identified. For example, Lieutenant General Robert Ashley testified that China’s nuclear modernization efforts were part of a much larger effort that involved increasing China’s stockpile of nuclear weapons, modernizing every element of its Triad, and modernizing and increasing its tactical and theater nuclear forces as well as strategic forces. While he certainly is correct that China has increased its stockpile of nuclear weapons, he seems to overstate the degree to which this is completely altering China’s nuclear force structure. It is not a restructuring as he describes it, but rather a modernization. Additionally, some have claimed that China is adopting an early alert system, which would render its no-first-use policy questionable; yet, there is no evidence that this has actually been implemented. Therefore, by all indications, the true objectives of modernization are to
make the nuclear stockpile safer and more secure and to enhance its survivability and penetration capabilities. In other words, nuclear modernization does not deviate from China’s strategy of assured retaliation, but merely ensures that such a strategy is credible.

**AGGRESSIVE VS. DEFENSIVE**

With regard to China’s nuclear weapons modernization, there has been fierce speculation as to whether China’s nuclear weapons modernization represents a change in its nuclear strategy. Despite the concerns, this paper argues that the modernization efforts merely represent a continuation of an assured retaliation strategy and a response to what China perceives as the US threatening China’s ability to credibly retaliate.

**WESTERN CONCERNS**

One way to understand China’s recent weapons modernization is that it signals China’s nuclear policy is moving away from an assured retaliation strategy toward a more aggressive strategy. Such an understanding is based on assessments of China’s continuing modernization efforts to improve its nuclear capabilities. Specifically, the prospect of early warning systems, the development of MIRVs, and doubt about China’s no-first-use pledge can point to a change in policy.

First, there is significant concern that China could develop an early warning system, which could go against its first-use policy. This is significant because it would mean that there is the possibility China could mistakenly launch what it believes to be a retaliatory nuclear attack if the US launched conventional missile strikes against China. Talmadge also points out this danger in showing the integration of China’s nuclear and conventional military infrastructure. Nevertheless, as mentioned earlier, there is no official indication that China has actually pursued such a system.

Second, the development of MIRVs is concerning to analysts, ostensibly because the analysts are uncertain of China’s intent. China insists that the new MIRVs and penetration aids are intended to ensure the viability of its strategic deterrent in the face of continued advances in US and Russian ISR (“Intelligence, Surveillance, and Reconnaissance”), precision strike, and missile defense capabilities; yet, the analysts raise concerns about China’s lack of transparency regarding the scope and scale of its nuclear modernization program. However, this concern is quite overstated, as uncertainty over intentions is a core attribute of the international system, at least from a Realist perspective. Thus, the problem of trying to gauge another state’s intent is a constant issue in international politics and is not unique to China’s development of MIRVs.

Finally, there is uncertainty as to whether China’s long-standing no-first-use pledge will continue to hold true. This concern is understandable from a US perspective, given that during the Cold War, the Soviet Union also publicly articulated a no-first-use commitment (beginning in 1982) despite nuclear planning to the contrary. Additionally, in a 2018 report, Zhao said the increasing mistrust between the two countries was raising the possibility that Beijing might rethink its “no first use” nuclear weapons policy, which has been in place since the first Chinese nuclear test in 1964. In regard to these concerns, it is quite ironic for US observers to be upset about such developments, given that the US has consistently held a first-use strategy, under its policy of extended deterrence (in which it provides a nuclear umbrella for its allies). If China does indeed pursue an early-warning system, US concern is likely to grow even more pronounced.

**CHINESE JUSTIFICATIONS**

The PRC maintains that all of its recent nuclear modernization efforts are purely intended to bolster the credibility of its deterrent force, under an assured retaliation strategy. Indeed, “although the PLA has further developed its nuclear strategy and operational doctrine and expanded and upgraded its force structure, both efforts have remained focused on the twin goals of bolstering deterrence and countering coercion. In other words, China’s nuclear modernization is consistent with long-standing Chinese leadership beliefs about pursuing deterrence through assured retaliation.

The PRC also points to what it sees as legitimate concerns of US aggression. Primarily, the PLA’s main concerns about maintaining a credible assured
retaliation strategy are driven by the US military’s development of three nonnuclear strategic capabilities: missile defenses, long-range conventional strike, and sophisticated command, control, communications, computers, intelligence, surveillance, and reconnaissance (“C4ISR”) assets (which locate and target China’s nuclear forces). The combination of these three capabilities, in the eyes of the Chinese, provides the US with the capability to wipe out China’s nuclear deterrent without even using nuclear weapons, thus re-opening the door to US coercion of China. Moreover, the US has been unwilling to assure China that it is not seeking invulnerability to a Chinese retaliatory strike. Therefore, the PRC maintains that it is merely maintaining the ability to launch a retaliatory nuclear strike in the face of US technical advances.

CONCLUSION: CHINA’S NUCLEAR WEAPONS FUTURE

This paper argues that China’s recent nuclear weapons modernization efforts do not indicate a shift away from its nuclear strategy of assured retaliation. Rather, the modernization efforts indicate that China’s main concern is ensuring that its minimum nuclear deterrent can survive a first strike.

Considering the future of China’s nuclear weapon development is not easy. Given the current trajectory, China could very possibly compete with the US in great power competition. Yet, no one is entirely sure how the US-China Relationship will play out. Even if this were the case, there is a good argument to be made that China will still remain committed to its assured retaliation capability. This argument stems from the very fact that conventional, rather than nuclear forces have been China’s historical route to exerting its military influence. Therefore, it is very possible that China will continue to look at nuclear weapons as merely a defensive weapon to prevent coercion by outside powers. The biggest development to keep an eye on is whether China will begin to develop limited nuclear weapons, like nuclear-tipped cruise missiles. This sort of modernization may very well indicate that China has finally abandoned its strategy of assured retaliation and instead plans on using nuclear weapons for discrete military purposes. Nevertheless, these offensive additions to China’s nuclear arsenal have yet to arrive, and until then, China will likely continue to adhere to its historical strategy of assured retaliation.

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Black Cat’s Claw: The Impact of Migrant Regulations on Structural Inequality in the People’s Republic of China

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INTRODUCTION

A middle-aged couple sit on a bench in a fluorescent train car. They wear down-stuffed winter coats, as do all other passengers, standing over and next and in front of them. They are migrant workers in the People’s Republic of China, returning home for Chinese New Year. They are also the subjects of an Australian televised documentary highlighting the plight of Chinese migrant families called “China’s Family Sacrifice,” which premiered in April 2018. The couple are named Yang Zhangguo and Liu Mingchun. Both have worked in Shenzhen for years to feed their families back in rural Chongqing. “We can’t do anything about it,” says Liu Mingchun with a wistful smile. “If we stayed home, we wouldn’t be able to support the family. Working in the city is the only way.” They have no choice but to travel the distance between Shenzhen and Chongqing, every year, without their children. “We’d need the proper paperwork if we wanted the kids to go to school in the city,” says Yang Zhangguo. He does not smile, unlike his wife. His face remains stony as he says, “Schooling would be easier if we were Shenzhen residents. But we aren’t.”

Their children are lonely. One is in fourth grade, the other in high school. The high schooler barely looks up at the camera. She plays her phone straight through her parents’ arrival, after eleven months away from home. She refuses to come out to visit with them. “Maybe because she didn’t miss us,” Liu Mingchun finally says, still with a smile oddly waxed onto her face. “We weren’t there for her growing up. This is our regret.” Nonetheless, they hold great hopes for their children. Yang Zhangguo remarks, somewhat wistfully: “we want our kids to have their own careers.”

In China, internal migrants number in the hundreds of millions. The Chinese “floating population” (流动人口) of rural-to-urban migrants has steadily and dramatically grown since the Reform and Opening-Up began in 1978. Against a backdrop of abject national poverty, Deng Xiaoping initiated a revolutionary “economic miracle” of development: “It doesn’t matter whether the cat is black and white, as long as it catches mice.” The idea, while likely never actually stated by Deng himself, justified the dramatic break of historical policy with precedent. Instead of prioritizing the preservation of planned, “socialist” economy, the Chinese leadership prioritized pragmatic results. The Chinese state lifted 800 million Chinese citizens out of poverty. The state, indeed, “caught mice.”

Although cat theory is well-known, its implications are rarely analyzed. The quotation posits a “black cat” as a metaphor for capitalism, and “mice” as the universal goal of development. Yet how exactly the “black cat . . . catches mice” is not discussed. Extending the metaphor, I use the phrase “black cat’s claw” to describe the floating population of migrants in China. The “black cat” (capitalist economic planning) was only able to “catch mice” (economic development) through exploitation of a labor surplus from the countryside. Chinese migrants were the primary labor force that afforded the growth of massive factories that propelled economic development in urban areas. Since migrants were the primary means by which capitalistic economic planning realized the dream of economic development, they were the “black cat’s claw” that seized “mice.”

Most of Chinese migration is transient; migrants move temporarily to urban areas in pursuit of job opportunities but return at specific intervals during the year to their hometowns. They then may choose to move to new urban spaces, pursuing new temporary jobs, and ensuring the population remains transient. The transient nature of migration influences the self-perception of migrants, who still consider their primary occupation to be agriculture despite possessing non-agricultural jobs in cities. However, increasingly, these
migrants are not temporary or individual. A recent trend has been the rise of whole-family migration. First noted in 2004, whole-family migration has become the norm; 62.5% of migrant workers are now accompanied by their families in migration to urban areas. Migrants are important factors in both the urban and rural equations of Chinese society, presenting an existential challenge to Chinese policy frameworks. The more permanent nature of the migrant phenomenon post-2000, wherein 20% of the entire population is identified as migrants, and more than 60% of those migrants are settling in cities with their families, ensures that Chinese policymakers can no longer ignore the social needs of migrant families in the regulations passed from behind closed doors. Migrant regulations are unprepared for effectively managing the challenges of a permanent class of migrant people.

"WE’D NEED THE PROPER PAPERWORK"

Cities are not required to provide social services to migrants due to the household registration system (户 籍制度), or hukou system. The hukou system in China registers people in their place of ancestry; moving to the city does nothing to change hukou’s restrictions. When migrants move to cities, social services do not move with them. In this way, the system regulates the movement of people from rural to urban areas through incentives for rural residents to stay in rural areas or return quickly from urban labor to their registered rural residences. Historically, the hukou system has ensured that laborers always remain temporary and not entitled to social provisions. The obstacles that the hukou system imposes upon migrant workers and families are not accounted for in population statistics; on paper, the rate of urbanization in China has done nothing but steadily rise:

Rates of urbanization in urban centers are deceiving. If one subtracts migrants from urban demographic statistics, the population of each urban area falls dramatically. In Shenzhen, for example, 12.3 of 15 million residents did not possess an urban hukou in 2011. Similarly, in Dongguan, 6.4 million of a total of 8.2 million residents did not possess an urban hukou. Ironically, “rural migrant workers” account for a majority of urban residents in economic powerhouses like Shenzhen and Dongguan. Cities have acquired labor on discount, temporary but not permanent urbanization.

A lack of proper paperwork makes activities in urban areas challenging for migrant families. Registering for insurance, housing, and children’s education are all complicated by the continued bifurcation of Chinese society into rural and urban. Education is one axis upon which to analyze the impacts of migrant regulations, including but not limited to the hukou system. Children’s education is a factor directly impacted by migrant regulations; in urban areas, access to schooling depends on migrant status, while in rural areas, the impacts of “left-behind” status caused by parents’ migration can be seen in educational outcomes (see below). Education also is linked with future prospects, since China’s society is dependent upon access to the top schools and networks available through performance in national tests like zhongkao (中考) and gaokao (高考). Finally, education is a crucial factor in the testimonies of migrants like the Yang family. As Yang reported, “[migrant families] would need the proper paperwork” to register their children for education. To ensure their children’s access to education, the Yang family chose a near-permanent state of separation, illustrating the powerful sway that education holds in the minds of migrant parents. Due to education’s importance as a factor in multiple phenomena related to migrant families in China, I use education as a medium to analyze the impact of migrant regulations on structural inequality in the People’s Republic. For the same reason, I also advocate for improvement in one aspect of the educational system—modifying the rubric for distributing funds to urban public schools—to improve poverty alleviation efforts.

"WE WANT OUR KIDS TO HAVE THEIR OWN CAREERS"
Over time, the identities of rural residents migrating to the cities have transformed. In “China’s Family Sacrifice,” Yang Zhanguo expresses his hope that his children can pursue their own careers, and knows that “they’ll most likely work in the city.” The urban bias in development means that urban areas continue to offer the best economic opportunities for the children of migrant families. Xi Jinping has focused in recent years on rural revitalization, which indicates an attempt by the central government to stem the tide of migration by addressing the root problem of rural poverty. Xi delivered a speech to the National People’s Congress in March 2018, which argued that rural revitalization was the core of Xi’s policy on rural issues. Later that year, in September 2018, Xi visited Heilongjiang province and advocated for agricultural modernization. Given the recent nature of these efforts, the results of Xi’s strategy of rural revitalization to reverse the tide of urban bias are difficult to assess at the present time.

The economic truth of the present necessity to migrate is reflected in the shifting identities of the migrant population. The pre-2000 migrant generation, represented by Yang’s family, continue to identify with the rural villages marked by their hukou, but the new generation does not share the same sense of identity. Based on longitudinal analysis of evidence from the Rural Household Survey (RHS) and National Migrant Dynamics Monitoring Survey (NMDMS), which surveys 68,000 households per year, Cheng notes that the new generation of migrants tend to be more highly-educated and spend a greater amount of time away from rural villages in their migrant patterns. The consequence of longer durations of migration per year, averaging at 9 months, is decreased time working in agriculture. The new generation of migrants spend only three months in rural areas per year, on average. It is thus apparent that the new generation of “rural-to-urban” migrants are more urban and do not harbor the same plans as their parents to return to the countryside. When Yang Zhanguo remarks that he sees an urban future in his children, he is simply observing an empirically-valid trend toward increased urbanization of the new generation of rural citizens in China. The increased urbanization of rural people’s future prospects makes an intervention in urban public schooling more necessary and increases the benefits of modifying the rubric of fund distribution to urban public schools for future generations.

Over 60% of migrant families choose to bring their children with them as they migrate to cities for work. Upon moving to the city, the family immediately confronts structurally unequal access to education for their migrant children (流动儿童). In this essay, I explore how migrant regulations cause structural inequality through education in urban areas. Based on the existing literature and interviews with non-governmental organization officials working with migrant children, I find that there are three structural inequities resulting from migrant regulations: legal restrictions, funding, and mental health. As I demonstrate, all three factors impact children of migrant families at higher rates than their non-migrant peers in urban areas. Migrant children are increasingly urbanized themselves; thus, these three barriers imply barriers bifurcate the urban children population purely on the basis of parents’ decision to migrate, not on any specific quality or trait in themselves. Migrant children face a tougher time in school due to factors entirely outside of their control. In a country where migrants are the black cat’s claw, the primary labor force of decades of economic development, it is ironic that their children are not benefactors of that hard-won economic success.

LEGAL RESTRICTIONS

In 1986, the Chinese government passed the Compulsory Education Law that mandated free education through the ninth grade: “all school-age children and adolescents of the nationality of the People’s Republic of China shall, in accordance with the law, enjoy the equal right, and fulfill the obligation, to receive compulsory education, regardless of . . . family financial conditions.” However, the mandate was not adequately enforced in the first several decades; migrants, despite their citizenship, were structurally denied a stable education. The law aimed to provide education to all children who were citizens of the People’s Republic, but education remained locally provided based on local residency and not national citizenship. Education in China did not include provisions for families migrating from one location to another. For example, examinations were only available in the province where migrants’ hukou was assigned, even if they had not lived in that province their entire lives. Further, tests were distributed only to children who possessed the hukou of the province. If
children migrated with their parents, they nonetheless were required to return to their home province to take crucial school entrance tests. Migrant families exist between the lines of official policy, as erased bodies, so the provisions contained within the Compulsory Education Law did not address migrant needs.

In 2003, the National Working Committee for Children and Women in the Chinese State Council conducted a survey wherein researchers found that 46.9% of 6-year-old migrant children in an urban sample could not enroll in school. Data was collected from the following cities: Beijing, Shenzhen, Chengdu, Wuhan, Jilin, Zhuzhou, Xianyang, Shaoxing, and Yining. In response, China’s Compulsory Education Law was gradually adapted to approve migrant schools for migrant families. The 2006 amendment to the Compulsory Education Law emphasized the necessity of equal access to public education and provided greater legal protections for migrant children. Liu & Jacob credit the law with the near tripling of migrant children in public schools listed by the Beijing Bureau of Statistics in 2009.

Although the 2006 amendment increased migrant access in significant ways, there remained many migrant children that could not access public education in cities. Continued lack of access to urban public schools resulted in a proliferation of “migrant schools,” private educational facilities for migrant children in urban districts. By 2007, there were three hundred such schools in Beijing teaching 170,000 migrant children and the unregulated nature of schools made their individual situations diverse in setting and quality. Some were established by retired teachers, others by migrant workers, others still by entrepreneurs operating on a commercial basis. The executives of migrant schools keep fees low enough to remain competitive; however, as executives seek to remain viable despite charging low tuition, they cannot afford to provide adequate facilities. One result of a profit-motivated structure is facilities of worse quality available to migrant children compared to their urban peers that register in local public schools. According to a report by Stanford researchers at the Rural Education Action Program (REAP), schools for rural migrants in urban areas continue to possess poor teachers, poor facilities, and poor curriculum, even as rural and urban schools both make advances in improving the education they provide to non-migrant children.

Migrant education suffers for these four reasons, which I will discuss in turn.

Two results of migrant schools’ model are inferiority of teacher quality and the quality of facilities. Teachers in migrant schools tend to not be first-rate graduates of the top teaching academies, nor idealists intent on educating migrant youth in urban areas. Rather, teachers in migrant schools are largely would-be instructors seeking experience to obtain jobs in more prestigious, better quality urban schools. The reason for the inferiority of teacher quality is simple: migrant schools cannot afford to provide teachers with more than low wages, poor facilities, and basic benefits as they seek to cut costs to ensure continued operation. The poor facilities at migrant schools similarly result from the financial situation of migrant schools. “Migrant schools are often overcrowded and use second-hand desks, chairs, and even buildings bought cheaply from public schools,” according to the report by the Rural Education Action Program (REAP). Goodburn describes the conditions of ten migrant schools in Beijing and finds that “three schools were based in former factory buildings in various states of dilapidation; two were in disused shop buildings; two in very basic, purpose-built structures; one in coal storage facilities; and two in the houses of migrant families.” Even worse, many migrant schools lack adequate lighting, heating, and sanitation. These are necessities for a reason; without high-quality sanitation, for example, children not only may perform worse academically, but also may suffer from physical and cognitive development issues. These conditions are perpetuated by low budgets in migrant schools, which are driven by the profit motive of migrant schools’ executives. Legal restrictions on official schooling in China result in the structural inequality between migrant schools and urban public schools.

Besides facilities, curricula available at migrant schools are also significantly inferior to that of urban public schools. Public schools in China are government-funded and adequately provisioned, while private schools are often haphazard and possess only basic teaching materials. Migrant schools often do not offer teaching equipment for classes beyond mathematics and grammar, which places migrant children in a difficult position compared to urban peers with access to laboratories, music, and art. There is clear evidence that inferior curricula, as well as teaching and facilities,
negatively impact the academic output of children. Lu & Zhou controlled for children’s demographics, family background, and other factors to compare academic performance directly across three groups: migrant children in public schools, migrant children in private schools, and local urban children. Their findings, which relied on voluntary questionnaires and testing in a sample of 1259 students, indicated that migrant children in private schools performed worse than their counterparts in public schools. Another study utilized a comparison of math scores across four categories: rural students, migrant school students, migrant students in urban public schools, and urban local students. The study discovered that while there was very little contrast between performance of migrant students and urban local students when migrant children enrolled in public schools, there was a significant divergence between migrant schools and public schools. The mean mathematics score for a migrant student in a migrant school was 68.6, while migrant students in public schools scored a mean of 80.3. Students at migrant schools performed at significantly lower levels than their peers in urban public schools.

While amendments to the Compulsory Education Law have attempted to make public education more accessible, most migrant students still lack the necessary paperwork to enroll in urban public schools and are subject to worse instruction, facilities, and curricula at migrant schools. Executives establish migrant schools to meet demand, but to cut costs and maximize revenue, do not invest in the same quality facilities as urban public schools do. These factors have a measurably negative impact on migrant children’s academic output. Legal restrictions create a system with two distinct features: 1) migrant children without access to urban public schools, and 2) migrant schools managed without incentives to provide anything but the bare minimum in facilities and teaching quality. These migrant regulations indirectly perpetuate structural inequality in education. Until the rubric of funding allotment to urban public schools is revised to allow access for migrant children, migrant schools will continue to provide unequal education to a population that does not possess the capacity to say ‘no.’

FUNDING OBSTACLES

Despite the inferiority of education in migrant schools, migrant families often face a choice between sending their children to these schools or sending them back to the countryside due to unequal access to urban public and migrant schools. During the Hu-Wen period, Wang noted that migrant children in Beijing who could not register for public schooling enrolled in inferior, private “alternative providers.” In order to enroll their children in public school, migrant families must fulfill two criteria: residency card and local hukou. Residency refers to the legal residency card necessary to enroll in urban public schools, which is required to be attached to local address within the district that determines the state-allotted funding for each school. While hukou reform has ensured that some areas, particularly small cities, have opened up access to urban hukou to migrant families, these two criteria nonetheless are significant barriers. Wages have climbed dramatically over past decades; however, migrant wages remain significantly lower than average.

In 2017, migrants on average earned 3485 RMB a month, or 41,820 annually. Access to public school
education for migrant children requires an average of 16,500 RMB per year. That means that the average cost of access to urban public schools for a migrant family per month is 1375 RMB—nearly half the total monthly earnings of one migrant worker. For example, the prestigious Donghuamen kindergarten near the Forbidden City charged 1,000 RMB per month in 2010, when migrants earned only 1690 RMB per month. Even if both migrant parents worked in the same city and pooled their resources, their combined salary would likely not exceed 4000 RMB per month. The price of tuition per month at a kindergarten would account for more than a quarter of a migrant family’s total income. Such a cost not only impacts the nuclear migrant families, but also any extended family back home that rely on the income earned by family in urban areas. The Urban Research Group of Jiangxi Province conducted one study where 45.5% of surveyed subjects agreed that current education costs were too high. Only 20.7% indicated that they could afford their children's education in the city.

Further, the cost of public education for migrant families in cities far exceeds the cost for their urban counterparts. The fees charged, which can be as high as 30,000 RMB, apply disproportionately to migrant families. The reason for inequality in tuition fees, even in public schools in China, lies in the logic of government-provided funding for those public schools. Public schools receive funding from the government on the basis of total registered student-age residents in the local area, not total enrolled students. An increase in migrant students means a decrease in the amount of funding a public school can receive per student. In effect, most migrant families remain barred from public schools due to their status as unregistered residents. The most prestigious public and private schools, which provide pipelines to universities and society’s top echelons, are virtually unavailable to migrant families due to registration requirements and financial costs. These obstacles are exacerbated by funding based on official residency.

Urban public schools receive funding from the state based on the number of students in their local district. Migrant regulations prevent migrant children from registering in urban districts; thus, they are not counted in the census by which schools are awarded funding. Urban public schools must decrease their funding per student to accommodate migrant students. There is no incentive to accept migrant students without charging their families higher premiums to accommodate the financial loss, so that is exactly the measure that urban public schools often employ. It is clear that migrant regulations are the root of an incentive structure that disproportionately impacts migrant families, creating structural inequality in access to urban public education. If urban public schools received funding based on total residents, rather than registered students, urban public schools would not need to raise tuition rates specifically for migrant students. In turn, public school prices would drop to rates that migrant families are potentially able to afford, opening the doors to urban public schools.

MENTAL HEALTH IN MIGRANT CHILDREN

In addition to legal access and funding inequality, children’s mental health is also a significant challenge for migrant families living in urban spaces due to institutional disruption, socioeconomic status, and unstable relationships. Gao et al. compared the mental health of a sample of 1019 migrant children and an urban peer control group of 447. The data was collected in both public and private school settings, across a total of ten randomly selected schools, through a pen-and-paper survey administered uniformly to all 1466 participants. The study suggested that a decisive factor in mental health for migrant children was attendance in public schools: “Our results showed that migrant children attending public schools were better off than those attending private migrant schools in all aspects of mental health status except family satisfaction.” Although the causal reason for the divergence in family satisfaction remains unclear, the evidence suggests the importance of school access to mental health.

Migrant schools may be linked to worse mental health in migrant children due to instability associated with attending private schools. Migrant schools exist at the fringe of society and policy; particularly in recent years under the Xi Jinping administration, private schools set up for migrant children have been subject to the caprice of policy goals and local government enforcement. As part of Beijing’s mass demolition plans in 2017, journalists reported that multiple schools were served eviction notices for unsafe conditions and subsequently shut down within hours of notice. Some schools were re-opened in other parts of
the city, but an estimated 22,000 migrants were forced to move back to villages.

An unknown number of migrant families moved further out but remained within the radius of Beijing. For example, according to a manager of a migrant NGO in the Beijing suburbs, the demolition of migrant communities in central Beijing in November 2017 contributed to a surge in migrant families in a suburb two hours from the city’s central square. The suburban area, however, is in the process of gentrification; soon, rising housing prices will force migrants to move even further out from the original nexus of migrant community. For migrant children, the process of constantly moving schools and neighborhoods can be traumatic. Research suggests that moving frequently is linked with childhood depression. Moving can increase the chance of academic instability due to differences in curricula between different schools; moving can also cut off friendships and other relationships that impact a child’s social network. If migrant school closings result in migrant children moving to either entirely different parts of cities or back to the countryside, those migrant children are forced to restart experiences often crucial to childhood social development. Children enrolled in these schools face constant uncertainty.

Migrant schools and lower mental health may also be linked due socioeconomic status. Persistent poverty is an environmental factor significantly linked with the potential development of severe mental health conditions. As noted above, urban public schools are often less affordable for migrant families than their migrant school counterparts. The result is a system wherein the best schools can be afforded by migrant families that possess the economic means to pay for tuition. Migrant families with higher rents, more family members, or older family members all have less financial capacity and are more likely to enroll in private schools. Migrant schools are more likely to be shut down than their public counterparts, so migrant families that enroll their children in private schools are more likely to experience less stable incomes. Low-income migrant families enroll their children in private schools due to poverty and then when those schools are shut down, migrants and forced to find new jobs.

The instability of migrant schools also contributes to a situation wherein strong relationships are harder for migrant children to form. There are three essential types of relationships disrupted by the instability of migrant schools: teacher-student, parent-child, peer-to-peer. Gao et. al note that migrant schools do not afford the chance to build stable student-teacher relationships due to high turnover of not only students but also teachers in migrant schools. In addition to high turnover, Friedman explains that teachers in migrant schools work in conditions resembling more closely service sector jobs than teaching careers leading to inferior teacher-student relationships. Based on interviews conducted at six migrant schools across Beijing and Guangzhou, Friedman determines that teachers in migrant schools were not often not paid on time and, even when paid, received “illegally low wages.” These low wages make work at migrant schools less attractive to highly-trained teachers (see above). Thus, potential teachers that have received adequate training are not incentivized to seek jobs at migrant schools.

The capacity of teachers to build relationships with students is also affected by persistent job anxiety. Like migrants, Friedman’s interview subjects expressed the “dull but persistent” sense of unease that the school would close down. In a way, teachers at migrant schools suffered from some of the same anxieties as migrant families, such as the stability of employment and receiving adequate wages on time. These challenges damage teachers’ capacity to focus on building relationships and connecting with students.

Students not only have little chance to build strong teacher-student relationships in migrant schools; they face higher levels of self-reported loneliness overall. Lu & Zhou analyzed data from three groups—migrant children in private schools, migrant children in public schools, and urban local children, and discovered that self-reported feelings of loneliness were statistically higher in migrant children in private schools. One factor that reduced self-reported loneliness was increased parental attention. However, despite awareness among migrant families of the need for parental contact, parents are often unable to provide that necessary involvement due to the strenuous demands of work. Research illustrated a widespread concern across children, teachers, and migrant parents that migrant parents were not sufficiently involved in their children’s education, but still did not have the capacity to devote time to that end: “I admit that since we are both busy with work, we do not have much time
to take care of our son’s daily needs as we should.” Ten years later, my interviews uncovered a similar theme. One interview subject, who works at a NGO for migrant children, noted that the organization started its mental health programs in 2017 after observing the effects of parental absence on migrant children’s psychological well-being. The organization’s psychiatrist discovered that one large cause of migrant children’s loneliness was social anxiety brought on by the chronic absence of parents, who work late and leave early for work in the city center seven days a week. These parents were pushed to suburbs distant from the city center by the process of urban revitalization, which threatens the permanence of traditional migrant communities nearer migrants’ places of work. There is a direct relationship between the instability of migrant schools and the absence of parents in many migrant children’s daily lives.

The third relationship affected by the link between private school enrollment and lower mental health is peer-to-peer. The instability of migrant schools ensures that peers often do not possess the time to maintain relationships with classmates and friends. Some migrants, when one school closes down, move to one suburb; others move to another suburb or move back to the countryside. Sharing the same social space and experiences upon which to relate to one another becomes increasingly challenging. Migrant school enrollment leads to decreased access of migrant children to urban local children. According to Lu & Zhou, peer circles that included urban children were particularly likely to reduce self-reported loneliness in migrant children. Local urban children do not enroll in migrant schools, so there is little shared space for migrant children in private schools to build connections with local children attending public school. The only chance, then, to access this potential reduction of loneliness is through extracurricular activities. However, while there are organizations that seek to provide social activities for migrants after school, these organizations are not present in every migrant residential area. According to one interview subject, their organization provided social spaces for migrant children to interact with one another socially: “students leave school, go home to an empty house, and do their homework. There is no social interaction, no parks to play in, which are necessary for growing up.” The nature of migrant schools, and settlements built around migrant schools, prevent migrant children from building peer-to-peer relationships with severe psychological consequences.

In December 2018, Xinhua reporters photographed a center for extracurricular activities offered to migrant children in the Changli village near Xi’an, such as drawing, funded by donations. However, such centers are still few in number. (Xinhua)

Institutional instability, family socioeconomic status, and unstable relationships all contribute to worse mental health in migrant children. The closings of private schools disrupt migrant children’s education and can result in moving to find new schools. Further, moving affects the entire migrant family. Families move to accommodate the closing of their children’s school, and job disruption ensures that migrant families’ incomes remain unstable, potentially contributing to the perpetuation of low socioeconomic status. To maintain a stable income, migrant parents that move to accommodate their children’s education often need to commute for longer periods of time to reach jobs in areas of the city now much more distant than previously. Reduced contact with one’s family is statistically related to worse mental health, so the measures taken by families to acquire an income can then negatively affect their children’s capacity to keep stable relationships with their parents. Every migrant school closed means lives disrupted, friendships interrupted, family dynamics altered. Institutional disruption, socioeconomic status, and relationship stability all work in vicious synchronicity to impact the mental health of vulnerable populations such as migrant children in migrant schools. The most important factor of the three, however, is institutional disruption. Institutional disruption can perpetuate both socioeconomic status and social relationship instability. Institutional disruption occurs due to the unofficial designation of migrant schools, so worse mental health in migrant children is an indirect result of migrant regulations. These regulations create an
environment wherein children of migrant families are more likely to suffer from worse mental health than their peers.

CONCLUSION

The Chinese migrant population makes up the “black cat’s claw,” the population that “caught [the] mice” of economic development, the hands that made China’s economic miracle. However, these migrants have been exploited without equal access to the benefits of the economic development they contributed to. Instead, they are subject to structural inequality, particularly through urban education. The Compulsory Education Law of 1986 mandated free education for all children in the People’s Republic of China, but enforcement of the law was complicated by the urban-rural dichotomy of the hukou system. The result of the legal restrictions on migration is the creation of migrant schools that offered significantly inferior education for the children of migrant families in urban spaces. These schools are unregulated; to survive, their interest is largely in generating profit and cutting expenses. The for-profit model impacts the quality of textbooks and facilities, the best of which require significant investment on schools’ behalf. That necessary investment is simply not incentivized under a for-profit system. If educated in migrant schools, migrant children are shown to perform at academic rates far below their urban local peers partly because of inferior materials and facilities. Migrant regulations in the form of legal restrictions thus generate structural inequality in educational access in urban areas.

Chinese public schools use hefty price tags on enrollment for migrant students. Higher tuition rates than local urban students serves almost like a regressive tax system, wherein the poorest are charged higher fees than the comparatively wealthier. Migrant families must either generate the necessary funds to pay for higher tuition rates or enroll in migrant schools, despite their inferior quality. The disproportionate cost attached to urban public education for migrant families creates another structural inequity.

Migrant regulations also disrupt three relationships vital for the healthy self-development of migrant children: teacher-student, parent-child, and peer-to-peer. Migrant schools’ for-profit nature damages the capacity of teachers to bond with their students; the need to cut costs to generate greater revenue drives migrant schools to pay teachers low wages late. Not only are wages often untimely, but there is very little sense of job security at migrant schools by virtue of migrant schools’ unregulated nature. Teachers at migrant schools are less likely to devote time to building relationships with students in environment when their workplace could be shut down at any time, students scatter in every direction, and teachers fired. Without the necessary access to the teacher-student bond, students are placed at a disadvantage. They cannot access the emotional support and academic help necessary to maintain a healthy mental and emotional state.

The parent-child relationship is also negatively affected by enrollment in a migrant school. Migrant schools are subject to random closure, which can drive migrant families to move to new areas where a school is still in operation. Parents must either commute longer hours to their original place of work or find a new job in the area where the new school is located. Either option creates a situation wherein migrant parents and migrant children are forced to spend less and less time with one another. The consequence of decreased time with one’s parents is increased loneliness in migrant children, which negatively impacts their mental state.

The third bond challenged by enrollment in a migrant school is peer-to-peer. Migrant schools, as noted above, suffer from random closure. Such closures prevent the cultivation of strong friendships and relationships at a critical stage of childhood
development in migrant children. Classmates move with their families to other locations, severing social contact with one another. The absence of strong friendships translates to increased loneliness, which qualitatively harms migrant children’s capacity to perform well in academic settings. Like in the case of the teacher-student and parent-child bonds, the peer-to-peer bond is affected negatively by migrant regulations that make migrant schools inherently unstable and temporary.

In conclusion, migrant regulations create structural inequality between migrant children and their non-migrant peers in urban areas. The first is the hukou system, which imposes legal restrictions on migrant children seeking equal education as their urban peers. The second is the state’s rubric for the allocation of funding, which functions as a migrant regulation by not including migrants in census data used to fund public schools. The third is the state’s practice of shutting down migrant schools, which renders migrant children’s social environment particularly unstable. These elements function to create structural inequality in urban spaces. Any successful poverty alleviation plan must not only take base poverty levels into account, but also how the educational system continues to reproduce structural inequality.

The logical policy prescription that arises from an analysis of the relevant factors is changing the funding rubric for public education. Chinese local governments should discourage the current structure that incentivizes schools to charge higher premiums on poorer students by awarding funds based on total residents and not total hukou-holders in school districts. Such a pursuit will allow the “black cat’s claw” to fully enjoy the benefits of the “mice” it has been catching for the decades following Reform and Opening-Up. Until the funding rubric that discriminates against migrant schools is modified, Chinese structural inequality will continue to worsen generation by generation.

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Political Economy & Business: A Letter from the Editors

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The Political Economy & Business section focuses on affairs spanning the political, economic, and business realms of the Sino-American relationship, focusing particularly on where these areas intersect. We examine the interplay between the U.S. and China’s overlapping futures and increasingly connected populations, especially on issues regarding the relationship between markets and governments. We center our discussion on motivations and impacts internationally, recognizing that actions in the U.S.-China space are seldom contained within the two countries’ borders.

In this issue, we hone in on the ongoing trade tensions between China and the United States. From farmers to the business elite, various stakeholders have been affected by spiraling tariffs and trade restrictions launched since 2018. Entering its second year, the trade war’s effects have been felt far and wide, both within and beyond the two world superpowers. Indeed, highly volatile commodity prices, the holding hostage of capital markets, and dampened economic growth on a global scale are just several of the many repercussions of trade tensions. Our authors speak particularly to two understudied aspects of the trade war: the role of businesses as key movers of foreign policy and the effects of the ongoing economic conflict on Southeast Asian nations.
Is Southeast Asia Set to Win the U.S.-China Trade War?

Sunena Gupta

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As the two largest economies in the world impose tariffs on each other’s products, the effects of the conflict have gone far beyond the borders of the United States and China. With the impacts spilling over to other nations, who stands to win?

With no sign of consensus in the near future, the global economy has been forced to adapt to the climate of rising tensions and ambiguity. Given the web of countries linked economically to the U.S. and China via trade and production means, uncertainty with tariff measures have kept these countries on edge with regard to mitigating the impact of sudden changes among their multinational operations. As a result, attention has been shifting to the role of the Association of Southeast Asian Nations (ASEAN) on the global trade platform. The Asian Development Bank forecasts big wins for the emerging economies of Southeast Asia, highlighting trends that correlate an increase in economic gains with an escalation in tensions between countries.

The world’s economy as a whole is primarily concerned with redirecting trade and investments in order to mitigate rising business costs that have stemmed from the indefinitely rising tariffs. U.S. imports from developing Asian countries have steadily increased, with a ten percent rise in imports from these nations within the last year.

REDIRECTING TRADE

On an international level, eyes have been turning to Vietnam. Vietnam has frequently been coined as becoming “the new Singapore” due to its rapid industrialization and development patterns. With the trade war in effect, Vietnam has been increasingly attractive for companies looking to redirect trade and production away from China. For example, Chinese acoustics manufacturer, Goertek, announced the shift of its production of Apple’s Airpods from China to Vietnam as a direct result of the trade war.

The U.S. has increased its imports from Vietnam by 33 percent in the past year. According to the International Trade Center, Vietnam’s exports have risen from approximately $175 billion worth of goods in 2016 to $290 billion in 2018. Many of these export goods were headed for the U.S. The U.S. Census Bureau reports a $39.5 billion trade imbalance between the U.S. and Vietnam, in favor of Vietnam.

The nation began manufacturing sports gear for Nike, Adidas, and other large sports firms in the 1990s, and is now home to the production leg of Samsung’s mobile phone industry as well. As big-name brands such as Nintendo, Sharp, and Kyocera announce plans to shift their production to Vietnam, countries such as Thailand and Malaysia are gearing up to receive similar manufacturing benefits as well.

Thailand is similarly appealing, especially to those concerned about tariffs affecting the automobile industry. Already home to numerous vehicle assembly plants for Japanese and American auto companies, Thailand stands strong as an option for companies such as Panasonic, a company currently in the process of shifting their production of auto stereos out of China. Simultaneously, Thai electronics producer SVI has been juggling requests from firms that are looking to relocate their production out of China.

Other ASEAN states are attempting to get their hands in the game to follow suit. Cambodia has been picking up light manufacturing export goods such as apparel and furniture, as well as bicycle production for American company Kent International. These shifts in production to ASEAN nations work to tail off Chinese production that have been affected by tariffs.

WHY ASEAN?

Perhaps the most fundamental driver of the rapid shift of manufacturing processes to ASEAN has been the contrast in labor dynamics between Southeast Asia and China. Primarily, the lower labor costs in Southeast...
Asia are the most appealing aspect with Chinese wages going up to three-fold more than that of ASEAN’s. The ASEAN region is also home to a population of over 650 million citizens, which is larger than that of the U.S.-Mexico-Canada NAFTA trio, or the European Union states. New trade agreements and the flow of trade between ASEAN states are making the region as a whole much more attractive for conducting business and trade within ASEAN, as well providing a gateway into the immediate Asia-Pacific region.

Furthermore, in the digital age of Industry 4.0, many companies could see Southeast Asia as a fresh location to upgrade. Most industries are experiencing a massive progression towards incorporating new kinds of smart devices and technology, and their cost-analysis functions would predict lower costs in Southeast Asia rather than building upon and adapting to existing locations, such as in China.

WHAT COULD GO WRONG?

Southeast Asia is not immune to the downsides of trade tensions. All the mentioned benefits are suited to play out in the long run rather than reaping immediate gains. The region could expect to continue facing negative effects in the meantime, especially with regard to their trade and investment patterns.

In the short run, if a nation or region becomes associated with “the new China,” the current U.S. administration may potentially be inclined to take action against them. The Trump administration has already imposed tariffs on steel produced in Vietnam and expressed concern about Chinese vendors using Vietnam as an intermediary port for their goods to avoid tariffs. This concern stems from the trade imbalance between China and Vietnam, as Vietnam’s export figures could be exaggerated through this process of transshipment. Consequently, the Vietnamese government has been public about their enforcement of stricter policies in order to avoid any degree of conflict with the U.S.

The debate also raises the concern that Southeast Asian nations may end up with more manufacturing demand than their capacity. While the ASEAN population may be bigger than those in NAFTA or the EU, the countries in the region combined are still less than half of the population of China. The increase of production capacity within the short run is largely unlikely for the developing nations, especially with regard to Vietnam who is already almost at its optimum operating capacity. This, among other economic factors, hinders the economic bloc’s prospects of becoming a complete replacement.

While having excess demand may initially sound profitable, it does also simultaneously come with the potential of establishing a poor reputation. This could arise through the region’s developing infrastructure being unable to keep up, and domestic companies being unable to provide efficient services to foreign investors. Indeed, multinational companies have reasonable concerns over poor infrastructure and logistics networks in parts of Southeast Asia, as these issues would increase their business costs if they were to relocate there.

THE GLOBAL STANDPOINT

It is imperative to consider the global impact of the trade war, especially in terms of a worldwide economic slowdown that has been suppressing global business confidence. China’s economic growth has itself slowed to 6.2% in the second quarter of this year. This marks their slowest progress in almost thirty years. Similarly, data from the U.S. Department of Commerce reveals that investments in business activity declined for the first time in a three-year period, and residential investments have already been declining for at least a year and a half.

As a result, investors have been in a rush to store safe assets and have demonstrated unwillingness to enter emerging markets. In order to stimulate the domestic economy and increase expenditure, central banks in Asia, such as the Bank of Thailand and Bank Indonesia, have followed the U.S. in utilizing monetary policy moves to cut interest rates. Declining global demand is a serious concern for the ASEAN economy, as it could negate the potential gains from the ongoing trade dispute.

WHAT DOES IT TAKE TO “WIN”?

With the U.S.-China trade war showing no signs of slowing down in the foreseeable future, economists have been placing their bets on the promise of Southeast Asia’s potential more than ever before. In
several ways, the trade war is a test to ASEAN’s ability to remain integrated and adapt to the rapidly evolving economic landscape amid unsettling tensions. While the situations mentioned are hypothetical, this discussion nevertheless pinpoints the uncertainty the trade war creates for economies and individual firms worldwide.

At the core of the trade war, the problem for exterior nations is the inability to predict moves from leaders in China and the U.S. As both of these nations are the biggest export markets for Southeast Asia, lower rates of investor confidence and trade volumes could trigger negative consequences for those countries majorly reliant on international trade, such as Singapore, Malaysia, Thailand, and Vietnam.

In order for the economic bloc to reap maximum benefits from the trade war, they would need to prioritize investing in infrastructure and upskilling their labor force through training and management programs in order to optimize their productivity gains. These investments in the short run are likely to create a favorable business environment whereby foreign investors and overseas manufacturers can see long term potential in partnerships with the region.

As always, a typical Catch-22 is in store as the Southeast Asian region becomes wealthier. Following on the example of Singapore, as wealth grows, wages are expected to rise and prior cost advantages may be dimmed down. Firms from the region will be competing on a global scale of innovation in order to serve their domestic and international markets. Production capacity within the short run is largely unlikely for the developing nations, especially with regard to Vietnam who is already almost at its optimum operating capacity. This, among other economic factors, hinders the economic bloc’s prospects of becoming a complete replacement.

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Domestic Politics, Organized Business Interests, and U.S.-China Relations

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Synopsis: Business communities in the United States and China, especially major corporations and organized business interests, are among the most influential factors shaping the U.S.-China relationship. Analyzing the histories and examples of how business communities in both the U.S. and China utilize their close proximity to policymakers and their capital to shape relations, this article contends that many other domestic factors influencing bilateral relations are affected by or reflections of business interests. I conclude by arguing that greater research should focus on the mechanisms and consequences of business groups influencing U.S.-China relations.

Domestic politics are influential in any bilateral relationship, including U.S.-China relations, because they represent the fundamental demands of both countries. Any relationship between countries is accountable to those countries’ domestic demands. In the case of U.S.-China relations, business sectors within both countries, especially the large corporations, became key drivers of policies that influence the bilateral relations after the two countries normalized their diplomatic relations in 1978. The importance of this phenomenon is that economic development and trade are some of the most important tasks faced by the two economic juggernauts.

The United States has always valued the ability to trade freely around the world with anyone since its inception. It is also very telling that the first formal contact between the U.S. and China was a commercial one led by the vessel Empress of China. China, on the other hand, began paying considerable attention to trade and businesses since the Reform Era. The current Communist Party of China (CPC), even under Xi Jinping, relies less on ideology or individual charisma as main sources of legitimacy but more on impressive economic development and “national rejuvenation,” which would be near-impossible without a sound financial foundation. In almost every major or minor turning point of U.S.-China relations, we see how businesses with varying concerns and demands shape policies and decisions. The latest “trade war” between the U.S. and China is supportive of the argument that commercial interests and large businesses and business groups have the most to gain from shaping U.S.-China relations.

This paper argues that business communities in both the U.S. and China play some of the most fundamental roles in forming policies that shape this bilateral relation, and organized business interests such as corporations are usually the leaders of such influence. The way corporations in two different countries influence their respective governments might not be identical. Still, the overall argument remains the same: Since trade and economy are some of the most critical factors of the U.S.-China relationship, the leading representatives of these factors will have some of the greatest capabilities in shaping this relationship in their favor.

During the analysis, large multinational corporations and collective business interests will be discussed separately if necessary, for they are different in their ways of influencing policymakers and policies. Large corporations are both key drivers of the global economy and significant parties of interest. Their level of influence and reputation also make them much closer to policymakers than any other unorganized small businesses. In the case of U.S.-China relations, global corporations like Boeing, Ford, Huawei, and many major Chinese State-Owned Enterprises (SOEs) usually can exert direct influence or pressure on a nation’s government. Their multinational nature also determined that their interest are less bound by any single country’s position. On the other hand, the most effective way for smaller businesses to have their demands heard, then, is to be part of an organized group that can represent their interests more effectively. For instance, American agricultural businesses can group into an interest group to voice...
their opinions and potentially influence the votes that decide the composition of the Congress. Smaller business interest groups are mostly concerned about influencing the policies of their own countries, compared to global corporations.

It is neither secret nor news that trade and commerce are fundamental aspects of the U.S.-China relationship. Both the U.S. and China have deep commercial interests with each other, as the total amount of imports and exports between the two countries grew from $4 billion in 1979 to over $600 billion in 2017. When major events such as the Tiananmen Incident happened, both sides soon realized that the economy and the issue of trade were some of their gravest concerns and their most valuable assets in shaping the other side’s behavior. The issue of Most Favored Nation Status (MFN) became the greatest weapon that the American Congress could muster to punish the Chinese government for their actions during the Incident. Meanwhile, merely having the issue of MFN status debated within the U.S. Congress was enough to remind the Chinese government the cost of alienating the U.S.: at least $6 billion loss during 1990 and 1991. The subsequent Clinton administration was also hit by the reminder that any effort to revitalize the American economy promised during the election campaign would require Chinese support. As a result, the bilateral relationship during the 1990s can be seen as a careful and delicate dance between the two countries trying not to set off any sensitive “explosives.” The MFN status and subsequent economic consequences just happened to be one of the greatest explosives. Soon after, the prospect of not being able to access China’s enormous market incensed American business lobbyists to push forward the narrative that China would inevitably democratize if the international community continues to conduct economic activities with it.

American business communities and corporations are always some of the greatest influencers of U.S.-China relations, regardless of direction, ever since China’s vast market became available to global capital after the Reform Era. In 1979, the U.S. and China officially reestablished their diplomatic relationship and signed a bilateral trade agreement, marking the renewed beginning of American business interests in China. American foreign direct investment (FDI) in China reached a total of $242.57 billion from 1990 to 2016. American businesses are both significant exporters and importers to the Chinese market as well as investors to Chinese enterprises. Their role throughout the 1980s and 1990s was known as “ballast and propeller” of the U.S.-China relationship. When significant crises that will drastically shift the dynamics between the U.S. and China, the business community, especially the powerful corporations and their leaders, will step up to ensure that the direction does not develop against their interests.

This tendency was most apparent after the 1989 Tiananmen Incident, when American businesses lobbied against non-governmental organizations (NGOs) that were pushing Congress to link MFN status with human rights issues. During China’s negotiation into the WTO, prominent business leaders such as Hank Greenberg from AIG and Henry Paulson from Goldman Sachs functioned as chief advocates for U.S.-China relations in public debates about the direction of China policy. To be clear, the American business community is neither a monolith nor pro-China all the time. In his article on U.S.-China relations in the 1980s under the Reagan administration, Vladimir Lukin analyzes the American suspension of dialogues and unilateral sanctions on China in 1982 over textiles and echoes the opinion of other experts that “...all strategic and other ‘global’ designs at that stage could not withstand the pressure brought to bear by the textile lobby of the southern states...” The following successful Chinese retaliatory sanctions on U.S. agricultural produce shows another side of the strength of American business communities. The agricultural lobbies, firm in their ties to the Republican Party, won out over the textile lobby and resulted in a compromise agreement between the U.S. and China on textile exports to America. What becomes apparent here is how almost any major U.S. business interest group can and will influence policies on U.S.-China relations, and how the result is usually determined by whichever business group or interest is stronger and closer to policymakers.

Not much has changed nowadays in terms of the dynamics between American businesses and policymakers. As the Chinese economy began its remarkable growth in the 2000s and Chinese companies started spreading globally for new markets and resources, companies in the U.S. are increasingly
calling for a higher level of commitment to the protection of intellectual properties and from unfair competition. The problem of IP protection is a recurring point of contention dated back at least to the Carter administration when the two countries were still trying to normalize their relationship, but the concern is becoming louder as Chinese corporations now have more capital and are more ambitious in expanding their global presence.

This complaint about intellectual theft and infringement also connects to the overall concern that Chinese businesses are competing with their American counterparts unfairly. Foreign companies were required to form joint-ventures with Chinese companies and allow technology transfer in order to be able to do business in China. Entire business sectors such as information and computer technology are worried about their increasingly limited access to the Chinese market due to a plethora of government limitations. As a result, there are now more organized business groups and institutions such as the U.S. Chamber of Commerce voicing their criticism of China’s control over its market. The long-standing frustrations of some major U.S. businesses played their part in initiating the current U.S.-China trade dispute.

It should be noted, however, that not every corporation or business group reacts in an identical fashion. When analyzing the U.S.-China trade war, there is a noticeable contrast between entities representing groups of American businesses and the large American conglomerates and corporations. Take Boeing, for instance. Boeing represents the group of major corporations in the world that seems to not be influenced by China’s control over the Chinese market, and its attitude towards the trade war differs sharply from advocates of U.S. business interests in general. Throughout the negotiation process, Boeing has attempted to play the role of “peacemaker”, reminding both Beijing and Washington about the benefits of free trade. Corporations like Boeing stand to lose from a trade war like some other business groups of interest, such as the agricultural lobbies, but corporations are different in that they have more resources and can affect both governments rather than just one. This is another indication of how different business entities have different levels of influence on international politics. Major global corporations can influence policymakers on both sides, and usually prefer stability over supporting any side of the bilateral relations. Meanwhile, business interest groups formed by smaller businesses are more than willing to persuade domestic politicians to make policies that will hurt their competitors on the other side, as long as their own interests are not harmed by these potential policies.

Chinese companies and corporations, on the other hand, are equally important in shaping the U.S.-China relations. The Reform and Opening policies of the early 1980s created a group of robust and powerful businesses eager to go abroad and to expand their presence. China’s outward FDI net flows in 2010 reached US$68.81 billion, increasing by 21.7 percent compared to the past year, and by the end of 2010, more than 13,000 domestic investing entities had established about 16,000 overseas enterprises, spreading in 178 countries (regions) globally. Chinese FDI to the U.S. took off and rocketed during the 2010s, peaking at $46.49 billion in 2016. This rapid expansion gives Chinese businesses, especially large State-Owned Enterprises (SOE), significant leverage over the government on policies that will affect their profits and operations. This is evident in the pattern that over half of former President Hu Jintao’s official state visits are to countries where at least one of the three major energy SOEs, China National Petroleum Corporation, China National Offshore Oil Corporation, and the China Petroleum & Chemical Corporation, had oil or natural gas interests.

Among those policies, the ones directed toward the United States are also influenced by the large SOEs controlling key industries such as oil, nuclear energy, minerals, defense, and banking. In China’s case, major corporations are far more likely to influence China’s foreign policies than any group of smaller business interest. The reason is mainly because of China’s nature as a developmental state and its tendency of supporting industrial champions. Business groups in China play a crucial and generally pacifying role in U.S.-China relations, advocating for greater cooperation when possible. On the other hand, Chinese businesses are frequently becoming major points of contention that may sour the bilateral relationship. The U.S. believes that Chinese companies’ investment in “rogue states”—such as Iran, Libya, Myanmar, Syria, and Zimbabwe— Weakened the effect of the U.S. sanctions against these countries.
Meanwhile, Chinese multinational corporations like Huawei and ZTE are increasingly susceptible to being caught up by the evolving U.S.-China trade war over American issues and concerns we have discussed earlier. Regardless of direction, Chinese companies are shaping U.S.-China relations.

It is obvious that powerful business entities in both the United States and China hold significant power over the direction of their respective countries’ relations. Still, to what extent are they more important than the other domestic players? I argue that business interests are at times more important than other factors such as different bureaucracies, media (and social media), and other NGOs. The reason is twofold. Firstly, the business sectors, especially powerful corporations, have larger sways and closer proximity to policymakers. Secondly, many of the other domestic factors are mere reflections of the two countries’ business interests. Institutions like the media and Congress are designed to be reflections of a nation’s domestic interest. Of course, the two institutions have their own cultures and opinions, but they still need to serve their purposes. In the case of Congress, the conflict over U.S.-China relations was always waged by different interest groups and lobbyists, and Congress often reaches conclusions that side with American business interests. It is also notable that many NGOs are funded by businesses and affluent individuals, which means that many of the NGOs merely represent the opinions and arguments held by different business interests. In China’s case, the media follows state-issued guidelines and makes limited attempts to reflect society’s opinions. If we sideline the platforms, the only other major group is public opinion. I am not arguing that the voice of society is not important, but it is crucial to realize that in terms of U.S.-China relations, society’s opinion is sometimes slower to be translated into policies and less influential when compared to the business sectors. This is especially true in American politics, where in 2014 spending on lobby groups reached $2.6 billion, exceeding the $1.18 billion annual House budget and the $860 million annual Senate budget. It takes layers of bureaucracies to translate public opinion into policies, which is not always the case for powerful business interests.

Granted, business communities and corporations are not omnipotent, and there is insufficient evidence to suggest that business interest is always the most critical domestic factor that influences international politics between the U.S. and China. In China’s case, nationalistic sentiments can frequently turn into protests, riots, and boycotts against foreign businesses such as the South Korean Lotte group, Japan’s Toyota, and the American NBA. None of these protests benefit any Chinese companies’ business interests and are detrimental to the Chinese businesses that have cooperations with those affected foreign companies. In the case of the U.S., the passage of the Hong Kong Human Rights and Democracy Act was spearheaded by members of Congress like Representative Christopher Smith and supported by public opinion instead of business concerns. However, it is harder to argue that any of the spontaneous protests or social opinions caused or would cause any significant impact on U.S.-China relations. The protest against the NBA was toned down, and restrictions gradually removed only a few days after the initial outburst, mainly due to China’s concern of how this incident might influence the trade negotiation with the United States. Later on, the Chinese trade-talk delegation continued their negotiations with their American counterparts over the Phase 1 agreement despite the passage of the Hong Kong Human Rights Act. Most major social impulses that may derail U.S.-China relations would be countered by business interests or government agencies with commercial interests in mind.

To conclude, I believe that domestic factors are the foundation of U.S.-China relations. Among the various domestic factors, business interests, especially when represented by powerful corporations and organized business interest groups, are some of the most influential parties in shaping policies that would influence this “most important relationship in the world right now.” It is not hard to reach this conclusion based on observing the ongoing trade war, and I believe discourse on the US-China relationship would benefit from paying greater attention to this area. It is almost impossible to understand the business sector as simply a part of the domestic interest groups anymore. With their heavy involvement with the economy, international trade, culture, and even national security issues, the mechanism of how corporations and business groups influence policies and the consequences should be further researched.

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