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Research Articles

International Journal of China Studies

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Research Articles

Research Articles

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Neglected Agents: Elucidating Chinese Social Actors' Role in Thai-Sino Smart City Diplomacy

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Chiang Mai University

Abstract

This paper argues that Chinese social actors play a crucial role in advancing Thai-Sino diplomacy through Chiang Mai's smart city initiatives. As an initiative, a focus group workshop involving transnational Chinese from People's Republic of China (PRC) has been organized. From the inputs of Chinese participants who have been residing in Chiang Mai as students, investors, parents and entrepreneurs, this paper elucidates Chinse contributions as multifaceted covering technological, socio-cultural, economic and soft power dimensions for both Thailand and PRC. Against a delimiting scope and research scarcity of social actors in smart city diplomacy within an intra-Asian context, this paper seeks to recover the significant role of Chinese as neglected agents. Situated in-between dual-embeddedness, Chinese social actors transcend the fixation of single sovereign state's interests. With growing protectionism and precarious global landscapes, this paper proffers states' engagement of Chinese social actors in creative platforms to facilitate positive win outcomes.

Keywords: *Chinese, social actors, smart city diplomacy, Thailand, Chiang Mai*

1. Introduction

This paper argues that Chinese social actors play a crucial role in advancing Thai-Sino diplomacy through Chiang Mai's smart city initiatives. The recent meteoric rise of the People's Republic of China (PRC) has inadvertently attracted attention from politicians, academics, economists and other professionals. Juxtaposed between resisting and romancing, countries worldwide scramble to find ways to establish diplomatic relations while seeking positive win situation. Situated within this geopolitical shift, social actors actively organize themselves in collaborating with the state to promote the interests

of Thai-Sino diplomatic relations. Through the case study situated at Chiang Mai, one of Thailand's designated smart cities, this paper explores the role of Chinese social actors as oft-neglected unofficial agents, and accentuates their multifaceted contributions in enhancing Thai-Sino bilateral relations.

The significance of this qualitative research-based paper lies in its epistemological contribution to diplomacy through articulating Chinese social actors' voluntary involvement in Thai-Sino smart city diplomacy. Besides, from an intra-Asian lens, this paper contributes to the existing lacuna in Chinese migrant studies from the intersecting domain between the fields of smart city and diplomacy. Against the backdrop of increasing protectionism and global trade competition, this paper seeks to proffer an alternate vision in promoting win-win situation across different countries through optimizing the critical role played by the Chinese communities.

In the following section, this paper provides a literature review problematizing smart city and diplomacy in existing studies, while establishing the conceptual framework employed in this paper. Next, the dynamic historical Thai-Sino relations against PRC's developmental rise will be presented. Subsequently, this paper establishes the method and data by situating Chiang Mai smart city initiatives against the overarching backdrop of Thailand's smart city policies. Thereafter, the research findings of the contributions by the Chinese social actors are succinctly presented. In addition, preliminary reflections and policy implications will be proffered. Finally, this paper concludes by reiterating the contributions and recommendations while acknowledging the limitation of the current research.

2. Literature Review and Conceptual Framework

This section problematizes the narrow definition, limited role and scarce exploration of social actors in existing studies related to the smart city and diplomacy while proposing a conceptual framework in capturing the multifaceted contributions of Chinese social actors in Thai-Sino smart city diplomacy.

2.1. Traditional Approach: Delimiting Identification and Research Scarcity of Social Actors in Intra-Asian Context

Traditionally, smart city studies have revolved around digital technologies for enhancing physical and communication infrastructures. Information technologies (IT) aspects, such as sensors and Internet of things in data collection and analyses (Cardone et al. 2013; Jin, Gubbi, Marusic and Palaniswami, 2014; Kitchin 2014; Perera, Zaslavsky, Christen and Georgakopoulos, 2014) as well as organizational management, governance and policy context

(Chourabi et al., 2012) have often been the focus in the discussion of smart cities. Over the years, some scholars have advocated a sense of inclusivity and have developed the concept of "smart city for all" (Townsend, 2013; Paskaleva, Cooper, Linde, Peterson and Götz, 2015; Kaika, 2017). However, such inclusivity in existing smart city studies ironically bears an exclusive element for these studies tend to emphasize residents, while leaving the voice of tourists to smart tourism studies (Khan, Woo, Nam and Chathoth, 2017). Further, exclusivity is exacerbated with a narrow definition of "residents," while dichotomizing the terminologies of "residents" and "tourists or visitors." Such flawed dichotomy in omitting the overlapping nature between the two will inadvertently delimit the identification of social actors in smart city development.

In terms of diplomacy, this paper first briefly discusses digital diplomacy, which can be understood as the use of Web, information communication technology (ICT), and other social media tools for the engagement of diplomatic activities to fulfill foreign policy objectives (Sandre, 2013: 9). Due to increasing global connectivity, diplomatic ministries have adopted digital diplomacy strategies for the connection of cultures, increasing awareness and advocating policy positions (Sarukhan et al., 2012). A distinctive example can be found in Hilary Clinton's 21st Century Statecraft Initiative, which has embraced a far-reaching vision of digital diplomacy programs and tools (Lichtenstein, 2010; Sandre, 2015). In a nutshell, digital diplomacy has drastically changed the role and conduct of diplomacy (Graffy, 2009; Seib, 2012; Bjola and Holmes, 2015; Sandre, 2015). It has a positive impact in enabling politicians and officials to gather multiple perspectives pertaining to their policies and programs (Gilboa, 2016: 542). However, while digital diplomacy can be employed to reach and engage internal, domestic and foreign audiences, the definition of foreigners is still restricted to "people in another country" (Gilboa, 2016: 545). In other words, conventional digital diplomacy has decidedly neglected foreigners who are categorically wedged in-between local residents and temporal tourists. Hence, with the predominant literature situated in the American context (CPD and Clingendael, 2014), this paper seeks to explore the role of in-between foreign social actors with significant national, cultural and idiosyncratic differences (Gilboa, 2016: 540) in the intra-Asian context.

In complementarity to digital diplomacy and smart city studies, this paper briefly explores literature related to city diplomacy. According to Acuto, Morissette and Tsouros (2017: 14), "city diplomacy" is commonly referred to as "city networks," which are "formal and institutionalized governance structures" facilitating the cooperation between city-to-city and city-to-other actors. Yet, as an academic discipline, it is still a scattered and anecdotal scholarship (Acuto, 2016: 513). There is still much room to explore how city

diplomacy should be conducted with more integrative and strategic stance at both local and international levels (Acuto et al., 2017: 14). Further, while there is an increasing awareness of a new reality where non-state actors are "exerting increasing influence over the means and goals of international diplomacy" (Acuto, 2016: 518), scholars often delimit non-state actors as "municipal officers, international organizations and business entities" (Acuto, 2016: 514). Hence, there is a dearth of research on the contributions of social actors in city diplomacy within the intra-Asian context.

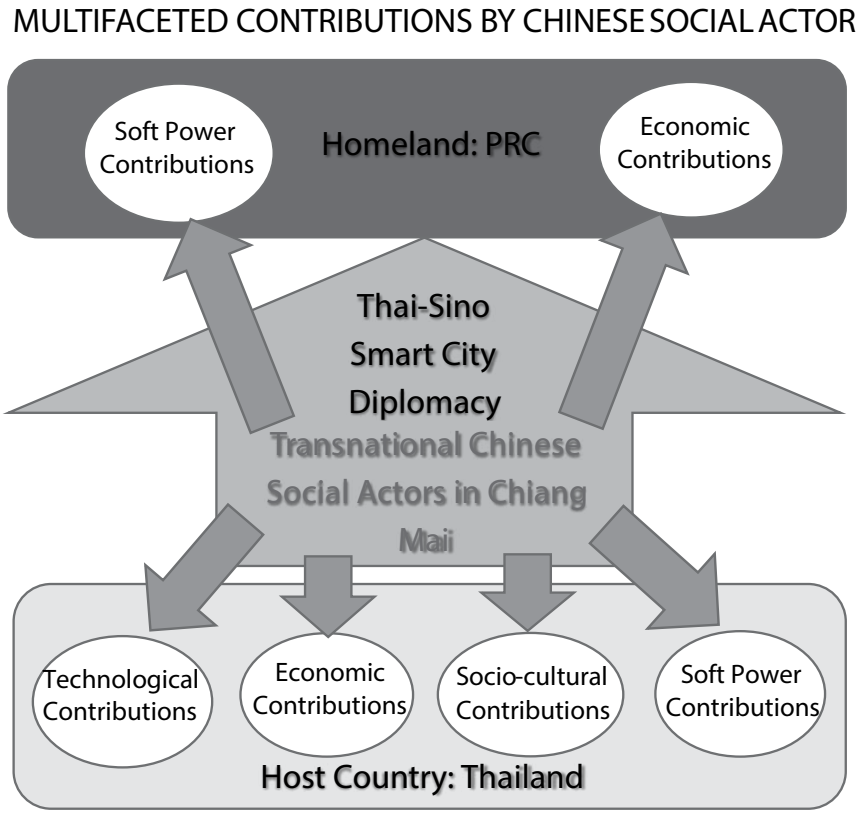
Finally, extrapolating the convergence of digital diplomacy, city diplomacy and smart city studies, this paper situates conceptually at smart city diplomacy, where research is still at its infancy. With the Internet search, the only available academic work is a conference article by Mursitama and Lee (2018) proposing a new framework of smart city diplomacy. Its main argument lies in the decentralization implicated by globalization that results in smart cities being a sub-national actor in search of investments, business partners, technological knowledge and socio-cultural exchanges internationally (Mursitama and Lee, 2018: 6). According to its recommendation, smart city diplomatic activities at government to government, government to non-governmental organizations, government to business, and business to business levels should expand in the scope of stakeholders to include "local government, local businesses, associations, academia, journalists, non-governmental organization, and individual" (Mursitama and Lee, 2018: 4-5). Hence, this paper takes a leaf from this and seeks to elucidate the roles of Chinese social actors in Thai-Sino smart city diplomacy. Moreover, what makes this paper interesting is that instead of confining social actors as locals, this paper unravels how foreigners could serve as unofficial dual-accredited citizen diplomats.

2.2. Conceptual Framework: Exploring Multifaceted Contributions by Chinese Social Actors

In recent studies on Chinese transnationalism, Liu and Ren (2017: 58) coined "dual-embeddedness" to depict how some Chinese conducted activities in both origin and settlement societies. However, existing intra-Asian migrant studies tend to focus on how the new Chinese migrants navigate transnationalism and integration to accumulate economic and social resources for survival and career development (Liu and Ren, 2017). Hence, this paper seeks to elucidate the multifaceted contributions of Chinese social actors to both Thailand and PRC through a peculiar lens of smart city diplomacy. Besides, from an international relations perspective, Nye defined "soft power" as the ability to attract or co-opt countries to one's will (Nye, 2013). Thus, the underlying fixation of soft power accumulation is often portrayed as

unilateral and restrictively confined within a certain state's sovereign interests. Literature revolving around China's soft power influence tends to focus on the "appeal as either a state-led project to boost its image overseas or simply a 'passive' notion of China's growing 'charm'" (Ham and Tolentino 2018: 47; see also King, 2013 and Kivimaki, 2014). Hence, this paper departs from the delimiting conceptualization of soft power by articulating how Chinese social actors are contributing soft power in both host country and homeland. Based on the preceding discussion, Figure 1 presents the conceptual framework employed in this paper. In a nutshell, this framework depicts how transnational Chinese – engaged in Thai-Sino smart city diplomacy – are making technological, economic, socio-cultural and soft power contributions to both Thailand and PRC respectively. By employing "social actors" as operational concept, this paper seeks to unravel the vital involvement of

Figure 1 Conceptual Framework



Source: Author's Own Compilation.

diverse common individuals while departing from the conventional scope of non-state actors as cities, organizations, associations and leaders.

3. Dynamic Thai-Sino Relations against PRC's Developmental Rise

Thai-Sino historical relations began as early as the Sukothai era when the Chinese conducted economic activities and later expanded into Thailand's entire economy by the late nineteenth century (Wu and Wu, 1980: 66). However, by 1939, Thailand began implementing restriction on Chinese activities in the areas of remittances, employment, population control and joint ventures (Wu and Wu, 1980: 71). It was not until 1999 that bilateral trade relations were formally forged through the signing of the "Joint Declaration on the Cooperation Program of the Twenty-first Century" (Chinvanno, 2015: 14; Freedman, 2014). Since then, Chinese entrepreneurs have been increasingly visible in the Global South including Thailand acting as a staging post for the Chinese to other developed countries (Smith, 1997; Zhou and Benton, 2017: 16-17). With the turn of the twenty-first century, this trend continues with a re-emergence of new Chinese migrants in Southeast Asia (Sung, 2015: 41). This is in line with PRC's international strategy that purportedly aims to promote peace, development, regional stability and integration while seeking to achieve the grand "Chinese Dream" (Zhang, 2016: 55).

Currently, PRC stands as the world's second largest economy and will be expected to become the world's largest economy before 2030 (Tambunlertchai and Tambunlertchai, 2015: 27). To Thailand, PRC plays an important role as her export market. Since 2010, PRC has been the largest importer of Thai goods and has held the top position in the source of tourists for Thailand (Tambunlertchai and Tambunlertchai, 2015: 36). Besides, Thailand has increasingly been attracting FDI from PRC over the past decade (Tambunlertchai and Tambunlertchai, 2015: 36). Even in challenging years, Thailand has also benefited from PRC's many constructive efforts including buying surplus agricultural products and supplying tourists (Chinvanno, 2015: 14). Most recently, Thailand is expected to gain from PRC's "Belt and Road Initiative," which seeks to forge integrated and extensive network with PRC as the hub (Yu, 2017: 117).

In spite of these promising signs, Thailand needs to avoid being overly dependent on PRC and exercise discernment towards the consequences of "China's rise" (Chinvanno, 2015: 14-16). While adopting this cautionary stance, Thailand should not neglect in enhancing her attractiveness as the PRC's economy undergoes a period of transition, restructuring and rebalancing where quality growth is sought (Tambunlertchai and Tambunlertchai, 2015: 36). Thailand needs to actively demonstrate that she can be PRC's real and reliable partner as the hub of mainland Southeast Asia (Chinvanno, 2015:

17). In an increasingly digitalized era, Thailand's neighbouring countries that border PRC are progressively positioning themselves as competitive alternatives. Hence, situated against the developmental rise of PRC in historical context, this paper explores how an unexpected group of trans-national Chinese social actors has operated within Thai-Sino smart diplomacy while making multifaceted contributions to both Thailand and PRC.

4. Method and Data

This section provides the research context by examining how Thailand's smart city policies are situated in the national endeavour to gain competitive advantage in global digital business. Besides, Chiang Mai, the research site, as a designated location for smart city development is introduced. Finally, this section concludes with the description of how Chiang Mai's smart city initiatives provide a creative space for the planning and execution of a Chinese workshop.

4.1. Thailand's Smart City Policies

To understand Thailand's smart city policies, one has to appreciate the context of Thai national development strategy. In 2016, Prime Minister General Prayut Chan-o-cha cited the "Thailand 4.0" policy as the new direction of the country in line with the nation's 20-year strategy for economic reform under the vision of "stability, prosperity and sustainability" (Naprathansuk, 2017: 342). Thailand 4.0 is a new economic model to develop Thailand into a value-based economy with an equilibrium between environment and society while pulling itself out of the middle-income trap (Naprathansuk, 2017: 342). Within this national road map, Thai government's smart city development serves to build the country with a high capacity of digital infrastructure where digital technology is utilized to boost the economy, create equitable society, transform government practices, develop workforce, and build trust and confidence (Naprathansuk, 2017: 343). From a macro perspective, the smart city project is embedded in Thailand's Digital Economic Policy where it seeks to develop better smart digital service and industry while supporting the bigger plan in becoming a digital services hub of ASEAN in connection with global digital business (Digital Economy Promotion Agency, 2017; Khianmeesuk, 2017: 82).

4.2. Chiang Mai as Designated Smart City

Phuket, Chiang Mai and Khon Kaen are the first three cities selected in the pilot smart cities program (Ariffin, 2018). While the project in Phuket appeared in 2016, smart city initiatives in Chiang Mai and Khon Kaen only

began in 2017, which will then pave the way for developing smart cities at Thailand's Eastern Economic Corridor as well as Bangkok (Ariffin, 2018). Since 2016, the Ministry of Digital Economy and Society has planned to spend 200 million baht for subsequent years and Chiang Mai has received 36.5 million baht (Leesa-Nguansuk, 2016). Similar to Phuket, Chiang Mai has been chosen as a pilot smart city due to its preparedness, location and international ties (Smart Cities Council Staff, 2016). In terms of preparedness, Chiang Mai has bold plans in becoming a development centre in the following areas: enterprise software, digital content and animation, the Internet of Things (IoT), embedded systems for automation and connected vehicles, and tech startup businesses (Naprathansuk, 2017: 344). As a result, Chiang Mai has been slated as a testing ground where new ways of ICT are applied for optimization of local strengths (Leesa-Nguansuk, 2016; Naprathansuk, 2017: 343). In terms of location, Chiang Mai is geographically conducive to implement concrete smart operations in combating environmental problems, such as smoke and haze problems; improving agriculture in a spatial coverage of more than 80% of total areas; and enhancing city management to solve transportation problems and support tourism (Naprathansuk, 2017: 344). In terms of international ties, Chiang Mai, the most culturally significant city in northern Thailand, stood at number 2 on World's Best Awards survey, Travel and Leisure 2016 list of "Top 15 cities" (Lieberman, 2016). With reference to Chinese tourists travelling to Thailand, the figure jumped from 1.7 million in 2011 to 4.7 million in 2013 (Wolfgang, 2016). While the figure might have even skyrocketed to 9 million in 2017, many of these Chinese visitors have compound identities as they are investors first before becoming tourists in Thailand (Chompoonud, 2017). Empirically, the Chinese have registered 570 companies in Chiang Mai where 83 tourism-related companies have invested US$86 million in 2017 alone (Siriphon, 2019: 273).

4.3. Initiating Chinese Workshop in Smart City's Creative Space

Against this setting, this paper examines the creative space within Thailand's political will where social actors play catalytic roles to accomplish multiple objectives. In this particular case study, a Thai academic was instrumental in providing consultancy to the Thai government in developing Chiang Mai into a smart city. At that infancy stage, there was abundant space and freedom in expressing what smart cities mean to Thai society and economy. The figurative "painting on a white canvas" had provided impetus for the Thai consultant in initiating and shaping the underlying principles of Chiang Mai's smart city initiatives. Perceiving the predominance of smart city discourses that precariously tilted towards the emphasis of technology gravely

neglecting the soul of the city, the Thai consultant presented the twin pillars of "inclusiveness" and "just" to the main and vice provincial governors. Being favourably accepted, she joined the smart city committee set up by Chiang Mai's provincial government in mid-2016. Subsequently, in August 2017, the committee received financial funding from the Office of Strategic Management (OSM) under the Thai national government. Mandated to draft the smart city idea for Chiang Mai, this Thai consultant kick-started the project with the involvement of academics and other professionals in view of designing a website amongst other smart initiatives. This has been consistent with Digital Economy Promotion Agency's (DEPA) initiatives to develop mobile application to augment reality through providing historical information of tourist attractions in Chiang Mai (Ariffin, 2018). Moreover, in line with the essential ingredient of inclusivity, the Thai consultant recruited the author of this paper, a lecturer from Chiang Mai University, to garner feedback from the Chinese pertaining to Chiang Mai smart city project in general, and a website in particular. From the onset of the project, the Thai consultant had already gained the support of Chiang Mai's provincial government office to have three languages incorporated in the website as part of the smart city's initiative. According to the Thai consultant, Chiang Mai's provincial office had increasingly valued the Chinese community. The provincial governors' favourable orientation towards Chinese was premised on their recognition of Chiang Mai's intricate economic reliance on Chinese tourists and investors. As Chiang Mai is situated proximally to Southern China and seated at the corridor of China's latest One Belt One Road initiative, it bears geo-economic significance for both countries.

Subsequently, the Thai consultant contacted and requested the author to play the principal role in drawing feedback from the Chinese community through a special workshop. Held at the Faculty of Political Science and Public Administration, Chiang Mai University, the workshop was conducted from 0900 to 1330 on 19 December 2017. Through relational snowballing technique and multiple avenues of publicity, the workshop has attracted a total of 45 Chinese who have dwelt in Chiang Mai for at least three months. The career profiles of these participants were diverse in wide distribution. They include fifteen university students, twenty-one entrepreneurs (one real-estate; three tourism-related industries; two education-related industries; one digital business; seven freelance businesses; two food & beverage businesses; three hotel lines; one interior design service; one auto-mobile business), two investors, one translator and six parents/guardians who are accompanying children for studies. After the workshop, a special interview session was conducted for selected Chinese individuals representing different vocations in Chiang Mai.

5. Research Findings

As the key coordinator, the author emphasized to the forum – comprising the Chinese workshop participants – that their views are important. In specific, the author explained that their views were needed for constructing a smart city website as well as building Chiang Mai smart city in general. After explaining the overarching idea, the author divided the participants into small groups for discussion. Subsequently, all groups took turns to present their opinions through their representatives. After listening to all presentations, the coordinator opened the floor for further comments, which was followed by getting all participants to each fill a survey form. Thereafter, a special interview session was conducted to get anecdotal reflections from a representative group amongst the Chinese participants. This section includes a succinct summary of the workshop as well as the multifaceted contributions made by the Chinese community in Chiang Mai.

5.1. Summary of the Chinese Workshop

First, the Chinese perspectives for Chiang Mai's smart city website are consolidated as follows: (A) Home Page and (B) Other Comments. For the website's "Home Page," the forum suggested the mode of presentation, the language setting and the calendar management system. As for "Other Comments," the forum provided expertise on Internet speed as well as website promotion strategies. Besides the website, the forum also discussed ideas for Chiang Mai's administration in building itself up as a smart city. In this part of the workshop, the various Chinese perspectives are gathered and organized by the nature of their residence in Chiang Mai: (A) Tourists; (B) Investors; and (C) Long-Term Residents. In terms of "Tourists," the forum covered the following: (1) Transportation; (2) Attraction Sites; (3) Food & Beverages; (4) Security; (5) Language; and (6) Shopping. Next, with regards to "Investors," the forum spelt out the following aspects: (1) Visa Matters; (2) Laws and Regulations; (3) Consultation Services; (4) Government-related Ministries; (5) Advertisement Channels; and (6) Communication. Finally, the forum discussed "Long-term Residents" with regards to the following: (1) Traffic Issues; (2) Medical Services; (3) Visa Matters; (4) Language Acquisition; (5) Food & Beverages; (6) Housing Services; (7) Overseas Education Services; and (8) Retirement Plans.

5.2. Technological Contributions

Throughout the workshop, Chinese technological contributions to Thailand have permeated in many aspects including city network system, security system, online services, online website promotion, transportation system,

and big data management system. To begin with, the forum highlighted that Internet speed is important in this digital era. The forum cited that 5G has already been tested in Guangzhou, China, and that several major Chinese cities, such as Beijing and Shanghai, are covered by optical fibre system. Hence, the forum suggested that the Chiang Mai government should consider implementing the advance network system covering the entire city. In addition, the forum offered security advice on setting a monitoring system at public places and ways to protect tourists' confidentiality. Moreover, the forum suggested online services such as facilitating online business forums, online booking systems in immigration-related issues, and other online interactive platforms to ease daily commute. In terms of promoting the use of website, the forum raised several possibilities through the creative use of technology. These publicity strategies include: (1) organizing activities at crowded places where Chinese visitors can experience VR (virtual reality) technology and experiment with the website's popular sites and routes; (2) cooperating with airlines to advertise the website through distribution of flyers or video demonstrations; and (3) partnering with WeChat to combine web pages and mobile applications as WeChat is the main social software used by most Chinese users. Another interesting technological contribution is related to transportation. The forum suggested the inclusion of online traffic information (for travelling around the city and at peripheral districts; vehicle types used in Chiang Mai; locations of designated bus stations; different modes of transportation; and routes to neighbouring cities), implementing an "All-in-One" card (where tourists can use to pay for accommodation, entrance tickets for local attractions, transportation fees and others), and stating vehicle rental laws (including information for official vehicle rental companies). Further, the forum proposed that big data platforms organized in specialized fields be provided. For instance, medical big data covering critical information related to hospitals' locations, emergency contact numbers, hospital services, available forms of vaccinations, medical insurance policies, and dental care services should be made available. In another example of big data management, the forum suggested a system curated to provide information related to education services covering reputable Thai language learning centres, renowned international schools, recommended consultation agencies, and private and government education institutes.

5.3. Socio-Cultural Contributions

With regards to socio-cultural contributions, Chinese workshop participants provided smart suggestions that could enhance their integration into Thai society and their adoption of Thai cultural norms. In so doing, they contributed to the reduction of socio-cultural misunderstandings, animosity

and conflicts while assisting the Chinese in appreciating and respecting the cultural and social aspects of the host country. In this respect, the forum proposed a specific section known as "Long-Term Residents," which reflected the intention of many Chinese workshop participants to stay in Thailand. Under this section, the forum offered many practical suggestions. To begin with, the forum highlighted that traffic issues guidelines in acquiring driving license should be provided. Besides, the forum proposed information pertaining to language acquisition and translation services so as to facilitate their communication with the Thai locals. Being resident foreigners, the forum highlighted the need to include information pertaining to medical amenities, and accommodation services, which include information for getting reliable agents and brokers so as to purchase and rent properties. Finally, the forum discussed on "Retirement Plans" where retirees could access information related to applying retirement visa, medical coverage, physical facilities, nursing homes, hospices, housekeeping and funeral matters. Summarily, the Chinese workshop participants' comprehensive suggestions have demonstrated their collective will in offering socio-cultural contributions as they seek social integration of Chinese long-term residents in the Thai society.

5.4. Economic Contributions

In terms of tourism industry, the Chinese workshop participants provided many suggestions to attract tourists from PRC boosting Thai economy. First, commenting on the website "Home Page," the forum recommended having a symbolic picture that captures Thailand's cultural heritage and unique character such as significant events, festivals and prominent landmarks. Besides, the forum highlighted the need for language setting to be perfected so that Chinese tourists could easily access and understand the information provided. Further, the forum proposed a designated icon named "Attraction Sites" so that Chinese tourists could browse through the historical and cultural content, as well as ticketing and other crucial logistic-related information. Related to these sites, the forum suggested a "Food and Beverages" section to display the recommended Thai and Chinese restaurants with reviews and GPS (Global Positioning System) locations. Finally, the forum commented that the "Shopping" section must be included to introduce innovative local shopping malls, duty-free shops and special zones for purchasing local specialties. In terms of business opportunities, the forum also massively contributed ideas that could draw financial revenues into Thailand. Having a specified section on "Investors," the forum reiterated that the essential information dealing with immigration matters, housing services, business consultation services, commercial law and regulations, and key government ministries related to investments should be accurately provided. With clear information regarding

legal procedures, the forum argued that potential Chinese investors would be attracted to conduct business and invest in Thailand.

Nonetheless, the Chinese economic contributions are not unilateral in direction. With enhanced tourism industry in Thailand, Chinese tour operators running Thailand tour packages in PRC will also stand to benefit. With the Chinese-friendly website, PRC-based Chinese tour operators could also access helpful Thai information that would facilitate their tourism business in PRC. In addition, to enhance business collaboration, the forum suggested establishing digital platforms where potential investors could interact with existing Chinese business persons. In other words, PRC-based Chinese entrepreneurs could expand their networks overseas and gain business profits prospering PRC's economic landscape.

5.5. Soft Power Contributions

The workshop has served as a platform for the Chinese residents to express their diplomatic role in making soft power contributions to both Thailand and PRC. Though having access to the Chinese community in Chiang Mai, the author had initial concerns in drawing participants to the workshop due to the perceived pragmatic and industrious nature of Chinese with many commitments. On the contrary, the author was pleasantly surprised at their spontaneous response and strong support. In less than a month's publicity, 45 PRC Chinese respondents of diverse backgrounds turned up punctually at the workshop. It simply demonstrated the value of this topic to them, which bore significant Thai-Sino diplomatic implications. From Thailand's soft power perspective, the potential influence of these Chinese workshop participants in PRC is extensive. This is because these respondents come from various provinces including Guangdong, Yunnan, Sichuan, Fujian, Shanghai, Shenzhen, Zhejiang, Anwei, Jiangsu, Chongqing, Shanxi and Jiangxi. With diverse and expansive network connections in PRC, these respondents could easily proliferate Thailand's soft power as a country with progressive nature in smart development while retaining herself as culturally distinctive. During the interview session with the selected iconic respondents, the Chinese shared how their ideas would improve the image of Thailand. For instance, a parent accompanying child-student shared how Thai media would be greatly sharpened in credibility through the smart city initiatives: "With an official smart website, false impressions and fake news will be removed" (Interview: 19 December 2017). Another interviewee, a graduate student at Chiang Mai University, indicated how Thailand as an attractive education destination would be further uplifted: "With information like Thai public holidays and travel recommendations, student life experience will be enhanced" (Interview: 19 December 2017). In the same vein of education soft power, a teacher-

entrepreneur in education industry articulated it as enhancing "future bilateral interactions between the two countries' education industries" (Interview: 19 December 2017). Further, a Chinese restaurant owner directly attributed soft power increment to the enhanced conduciveness of residence in Thailand: "We will understand and love this place more… and help us to be better assimilated with the society" (Interview: 19 December 2017).

From a bilateral perspective, PRC also stands to gain soft power from the Chinese workshop participants' contributions. The initial spontaneous and altruistic response of the Chinese in volunteering to participate in this workshop completely took the Thai organizers by surprise as the latter felt humbled by the Chinese proactive willingness to assist in this project. Later, during the interview session, the Chinese continued to show the helpful side of PRC. For instance, an investor cum entrepreneur expressed: "We hope to be able to work together with the organizers in making Chiang Mai a smart city" (Interview: 19 December 2017). In demonstrating a keen attitude in collaborating with the Thai authorities, the Chinese interviewee conveyed a positive image of the Chinese community. In summary, the Chinese were perceptive to see the diplomatic benefits through their efforts as expressed by an entrepreneur in tourism sector: "We live in a world of increasing mobility and the investment of smart infrastructure will aid economic penetration into the PRC Chinese community" (Interview: 19 December 2017).

6. Reflections and Policy Implications

Earlier, this paper problematizes traditional conceptualization in smart city and diplomacy as delimiting identification and research scarcity of social actors in the intra-Asian context. Through a smart city initiative involving Chinese residing in Chiang Mai for at least three months to design a website, this paper unravels the multifaceted contributions of the neglected agents in technological, socio-cultural, economic and soft power dimensions across both Thailand and PRC. This section seeks to delineate the reflections and policy implications as (1) resisting the stereotypification of Chinese as exploitative predators, (2) recognizing the diplomatic potential of dual-embedded Chinese residents, and (3) revving up of opportunities for Chinese social actors' involvement through collaborative platforms.

First, this paper proposes resisting the stereotypification of Chinese as exploitative predators. Over the past decade, such biased notion has gradually been developing in concomitant to the recent rise of PRC's influence. In "Impact of China's Rise on the Mekong Region," Santasombat (2015: 2) highlighted that increasing Chinese influence has brought about "negative reaction from the grassroots and the public, many of whom have become victims of land-grabbing and resource enclosure in the name of

development" (see also Lee, 2019: 93). Besides, based on a research study, Laungaransri (2015: 143) decried the "deterritorialization" of Lao residents and Burmese workers by the Chinese neoliberal project at Golden Triangle Special Economic Zone. Consequently, Lee (2019: 93) argued that existing scholarship has unwittingly promoted a "'flight' or 'fight' approach, in which drastic avoidance or extreme confrontation through economic battles are subtly encouraged." Hence, this paper proposes the rectification of the biased stereotypification through elucidating the multifaceted contributions of the Chinese workshop participants.

Next, this paper proposes the recognition of the oft-neglected potential of flexible foreign residents as diplomatic agents. Elsewhere, Lee (2020: 17) aptly problematized traditional citizen diplomacy as "fixing 'citizens' within a single nation-state sovereignty as well as to rectify overlooking the transformation of embeddedness in view of changing global socio-economic and political circumstances." Departing from such limitation, Lee (2020: 17) argued that transnational Chinese ethnopreneurs "adopt unofficial dual-accredited roles for the enhancement of bilateral relations." However, this paper extends the scope of Chinese citizen diplomats as beyond ethnopreneurs to include other vocations that reside long term in Chiang Mai through this research project. The respondents' attested diplomatic capacities are congruent with what Nyiri (2004: 120) has postulated where new Chinese migrants are legitimized and even celebrated in PRC for having dual social embeddedness or dual "allegiance." Though they are physically located in Thailand, these new Chinese migrants retain adherence to their cultural and political attachments to PRC as their fatherland (Santasombat, 2015: 4). Hence, this paper recommends that state agencies should recognize the diplomatic potential of such dual-embedded Chinese social actors as they seek to develop bilateral relations for both Thailand and PRC.

Finally, this research report opines the revving up of opportunities for Chinese social actors to be involved through collaborative platforms. This paper has shown how a smart city initiative has created a space for the Chinese to contribute in many ways. According to the Thai consultant that initiated this project, "Chiang Mai is not just a condensed urban space… but it is embodied with the pillars of being inclusive and just" (Interview: 18 June 2018). Chiang Mai's smart city development would have been much poorer if the Thai state had ignored the growing interest of Chinese residents in offering multifaceted contributions. The Thai state would have missed out opportunities to attract Chinese investments into Thailand. Hence, this paper recommends that state agencies should have a far-sighted perspective in examining various existing and future developmental projects where Chinese social actors could be included to provide sustainable solutions while promoting Thai-Sino bilateral relations.

7. Conclusion

In reiteration, this paper has elucidated the crucial role played by Chinese social actors who are dual-embedded residents in-between PRC and Thailand. Through an organized workshop as part of Chiang Mai's smart city initiatives, this paper articulated the multifaceted contributions of Chinese social actors bearing positive-sum gains for Thai-Sino bilateral relations. Against the common fixation of unilateral and parsimonious soft power accumulation based on a single sovereign state's interests, Chinese social actors have demonstrated their capacities for multiple win-win outcomes across countries. Based on the sample size, the author acknowledges the paper's limitations in capturing all Chinese transnationals in Thailand with their variegated occupations and interests in the host country. Hence, this paper recommends that further research should be carried out to explore the dynamism of Chinese social actors in their contributions through public-private engagements. As for this paper, there are several contributions accomplished in this process. From an epistemological perspective, this paper calls for a departure from casting an overgeneralized negative depiction of Chinese as economic predators while simultaneously awakening the general public to recognize Chinese multifaceted contributions for the enhancement of bilateral relations. The inclusion of Chinese as dual-embedded residents has expanded the traditional scope of the dichotomous definition of social actors as either static locals or detached foreigners in smart city diplomacy. From the methodological perspective, this paper elucidated the vital roles of Chinese social actors through a workshop as Thai smart city initiative, thus providing a platform for farther creative expressions in the future. Hence, the research findings of this paper have contributed to overcome the research scarcity and delimiting nature of social actors in existing approach to smart city diplomacy within an intra-Asian context.

Note

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Guarded Optimism, Caution and Sophistication: Indonesian Diplomats' Perceptions of the Belt and Road Initiative

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Abstract

This article investigates Indonesian diplomats' perceptions of the Belt and Road Initiative (BRI). Personal interviews were conducted with Indonesian diplomats who have dealt either directly or indirectly with China-related issues. The image theory in international relations was then applied to analyse their perceptions of the initiative. The responses reflected a prevailing perception that China presents a moderate level of threat to Indonesia. This view was manifested primarily in concerns that Indonesia could be economically exploited by taking part in the initiative. However, the diplomats in this sample also displayed a sophisticated approach, combining a tendency to portray Chinese intentions negatively with a favourable opinion of the initiative and a belief that Indonesia could still benefit from it. Their comments suggest that if Jakarta maintains its present perceptions, Indonesia is highly likely to maintain its engagement with the BRI. Nevertheless, the diplomats' mixed feelings could place some constraints on how intensive the Indonesian–Chinese bilateral economic exchanges related to the BRI will become, as well as on how explicitly Indonesia will demonstrate its support for China by promoting the initiative globally.

Keywords: *image theory, perception, Belt and Road Initiative, Indonesian foreign policy, Indonesia–China relations*

1. Introduction

Since the rise of Xi Jinping as China's paramount leader, Beijing has introduced some changes in how it conducts foreign policy. Scholars have disagreed on the extent to which these changes mark a fundamental

transformation. They seem to have agreed, however, that China has become more confident, particularly in articulating its aspiration to be more than a mere regional power (Baviera, 2016; Hu, 2019; Wang, 2019). Chinese leaders have sought to ensure that such an aspiration would go beyond the rhetorical level. New foreign-policy initiatives have been taken up under the banner of the 'China Dream' (*Zhongguo Meng*) slogan, which was aimed at 'realis[ing] the great renewal of the Chinese nation'.[1] In this context, President Xi has launched a plan to revive the ancient Silk Roads – both the land-based and the maritime ones – through the 'One Belt, One Road' initiative, subsequently renamed the Belt and Road Initiative (BRI) (Clarke, 2017).

The BRI seeks to cover a vast geographic area linking Asia, Europe and Africa. Such a grand initiative has been viewed as unprecedented in the diplomatic history of the People's Republic (Cai, 2018). As a result, a large body of literature has accumulated around 'Beijing's most ambitious foreign-policy initiative' (Zhou & Esteban, 2018: 488). Scholars have discussed, among other things, what China is attempting to achieve by introducing the BRI (Clarke, 2018; Hong, 2016; Jones and Zeng, 2019; Yu, 2017) and what challenges and downsides could accompany the initiative's implementation (Shah, 2019; Styan, 2019; S. Zhao, 2019). Considerable attention has also been devoted to the responses by other countries, especially those in Southeast Asia since this region has been considered instrumental to the BRI's overall implementation (see Blanchard, 2019; Chan, 2019; Chen, 2018; Gong, 2019; Leng, 2019; Liu & Lim, 2019; H. Zhao, 2019). The present article examines how Indonesia, the largest country in Southeast Asia, has responded to the BRI and thereby to contribute to the discussions about the initiative's prospects for successful implementation.

There exist only a relatively limited number of studies on bilateral Indonesian–Chinese interactions related to the BRI. One group of studies has mainly explored the progress of BRI implementation and its prospects for success in Indonesia (Damuri, Perkasa, Atje and Hirawan, 2019; Lovina, Jiajia and Chen, 2017; Negara and Suryadinata, 2019; Xu, Du, Jin, Fu and Li, 2017). These papers have reported the opinions of various relevant stakeholders in Indonesia about the BRI, identified possible areas of cooperation as well as various challenges that have emerged thus far, and offered policy recommendations for both Jakarta and Beijing to maximise the benefits resulting from their cooperation.

In addition, another group of studies has examined and attempted to explain Indonesia's responses to the BRI. In an investigation of Southeast Asian countries' reactions to the BRI, Chen (2018) groups Indonesia under the category of 'Tier 2 countries', i.e. those providing conditional support for the initiative but with strong reservations. Jokowi's Indonesia has indicated positive signs of support by attending the 2017 and 2019

Belt and Road Forums for International Cooperation (BRF), as well as by signing an intergovernmental cooperation document linking the BRI and Indonesia's Global Maritime Fulcrum vision.[2] Nevertheless, the Indonesian government has been rather slow in transforming its support into action. This is particularly evident in the construction of the Jakarta–Bandung high-speed railway – the BRI's landmark project in Indonesia – which has been plagued by significant delays (Negara & Suryadinata, 2018).[3] Fitriani (2018) in her examination of Indonesia's responses to the initiative made similar observations, describing Jakarta as somewhat restrained despite the favourable opportunities that the BRI offers. She further argues that such a response has been primarily shaped by concerns that Indonesia could be economically exploited and politically undermined by promoting the initiative.

In most of the studies mentioned above, Indonesian perceptions of the BRI have received significant attention. The information sources for these studies have included interviews with key government officials at various levels, leading business associations and prominent scholars and pundits. To complement such an effort, public statements by leaders of the BRI have also been examined.

For the most part, however, previous studies have investigated Indonesian perceptions of the BRI in only a casual manner. This limitation is notably evident in their tendency not to study perceptions as psychological concepts. Rather, these scholars have regarded perceptions as readily observable by means of texts or verbal statements, whereas cognitive variables are in fact abstract and not linguistic realities that can be directly identified. Lacking a more rigorous, systematic procedure by which to infer perceptions, these studies have reported only what Indonesians say they think about the BRI, without presenting any meaningful interpretation of what their verbal statements mean about their actual perceptions – let alone any inferences about perceptions that would be useful in attaining a deeper understanding of current Indonesia–China relations.

With those concerns in mind, this article seeks to contribute to the current literature by empirically and systematically investigating Indonesian perceptions of the BRI. In so doing, it follows the procedure established by image theory in international relations to ensure that the inquiry into perceptions is conducted in a systematic manner. The inquiry aims to uncover both the substance and structure of Indonesian perceptions of this grand Chinese initiative. In other words, it seeks to reveal variations in how the Indonesians see the BRI as well as to examine their degree of sophistication in perceiving it. As a result, I hope to shed some light on how perceptual factors might impact Indonesia's attitude towards the initiative in the long run.

The next two sections of the article outline image theory in international relations and then the methodological procedures used to collect and interpret

the data. The fourth section presents the varied themes emerging from Indonesian comments on Chinese intentions in promoting the BRI. The fifth section analyses these descriptions by applying image theory to them; it is followed by a systematic examination of Indonesians' affective orientation towards the initiative. The concluding section summarises the findings and considers how they might impact Indonesia's future engagement with the BRI.

2. Image Theory in International Relations

Image theorists assert that perception is an abstract psychological construct (Herrmann, 1985). In other words, perceptions are an outgrowth of cognitive processes that take place inside the human mind and are thus not readily observable. The lack of access to the mind's internal workings, however, is not a reason to avoid studying perceptions (Herrmann, 1988: 180-181). Instead, image theorists have developed a procedure designed to facilitate systematic, empirical investigations of perceptions of a particular target country.

According to image theorists, one's perception of a country can be traced to the images one uses in referring to the country. Images are defined as 'conscious pictures or descriptions of foreign countries that a leader presents through language' (Herrmann, 1985: 31). Accordingly, unlike perceptions, images are linguistically observable. If perceptions are considered analogous to diseases, as Herrmann (1985: 34) argues, images are like symptoms. One can infer perceptions from images, just as medical doctors identify a disease by looking at its symptoms. This approach further implies that one can identify, through analysis of images, variations in how different individuals perceive a country; for example, one may see a threat whereas someone else sees an opportunity.

In the field of international relations, image theorists have identified at least five images: enemy, ally, imperialist, degenerate and colony (Herrmann and Fischerkeller, 1995). Each image reveals distinct strategic judgements about whether a target country represents a threat or an opportunity.[4] When they sense an intense threat from a target country, perceivers may hold either the *enemy* or the *imperialist* image. The former image arises when one fears being outcompeted by the target country; the latter derives from a perceived danger of being exploited or overpowered by the target country. The other three images arise in response to a particular perceived opportunity. The *ally* image portrays the target country as holding mutual interests and goals and presenting an opportunity for mutual gain; the *degenerate* image reflects a perceived opportunity to dominate the target country; and the *colony* image (the inverse of the imperialist image) is endorsed when one sees an opportunity to exploit a target country is perceived. Table 1 presents the five images with their corresponding perceptions.

Table 1 Ideal-Typical Images and Their Inferred Perceptions

Image	Perception That the Image Reveals
Enemy	Threat
Imperialist	Threat
Ally	Opportunity through mutual interests
Degenerate	Opportunity through domination
Colony	Opportunity through exploitation

Image theorists emphasise that those who seek to identify which image perceivers attribute to a target country should avoid taking their verbal rhetoric at face value (Herrmann, 1985; Herrmann & Fischerkeller, 1995). Perceivers, for example, might use the word enemy to describe a target country, but this is not necessarily a clear indication that the speaker holds the enemy image of that country.

The image that perceivers hold of a target country can be identified indirectly by how they describe three dimensions of the country: motivation, capability and decision-making processes. Of the three, Herrmann (1981) puts the greatest weight on the motivational dimension. He contends that this dimension is located at the centre of the image and represents one's unified impression of the target country, or that it contributes most substantially to how the country is portrayed overall.[5] This implies that one can infer which of the five images is endorsed by perceivers primarily from their depictions of the target country's motivation.

Table 2 outlines the components that commonly accompany a description of the target country's motivation associated with each image. For example, perceivers holding an imperialist image of the target country may believe that the target wants simply to exploit their home country's economic resources. This image further reveals a fear that the target country could overpower one's country and therefore presents an intense threat. In contrast, if perceivers describe the target country's motivation in ways that resemble the ally image, then one can infer that they see an opportunity for mutual gain from dealing with that country.

Based on findings from cognitive psychology, image theorists argue that images have stereotypical functions. They perform the role of an information filter, affecting what perceivers notice about the target country they are dealing with and thereby simplifying the perceivers' knowledge about the country. An experimental study by (Herrmann, Voss, Schooler and Ciarrochi, 1997) confirmed these functions of images. It showed that images help individuals fill in missing information about a particular country and shape the interpretation of new information. In light of these contexts, the

Table 2 Images of Target Countries and Associated Descriptions of the Target's Motivation

Image	Perceiver's description of target's motivation
Enemy	Motives are judged to be evil and unlimited. They can include a variety of imperialistic interests in economic, ideological and communal domination.
Imperialist	Great cynicism about the target country's supposed altruistic ideology, including a strong perception of hypocrisy. The imperial power is seen as interested in maintaining colonies for the purpose of exploitation, as a source of raw materials, a locus of investment and a market for its manufactured products and culture.
Ally	Ready to pursue mutually beneficial economic relations and co-operate in peaceful joint efforts to protect and improve the global environment. Motivated by altruism as much as by self-interest.
Degenerate	Leaders are more concerned about preserving what they have than with a vision for the future and have accepted their fall from greatness, wanting only to make it less painful.
Colony	*Good forces* • Paternal leader; progressive moderniser; nationalist; leader driven by the people's interests. *Bad forces* • Radical, fanatical demagogue; xenophobic, racist extremist; evil dictator; puppet of great-power enemy.

Source: Herrmann and Fischerkeller, 1995.

components defined in Table 2 should be regarded as a reflection of each image's stereotypical description of a target country's motivation. These simplified descriptions should be understood as the results of the cognitive process in which an image performs its stereotyping functions.

Image theorists propose one additional description to accommodate cases in which perceivers provide a non-stereotypical motivational picture of a target country. Such a description indicates that those perceivers' mental representation of the country does not have the properties of a stereotype, which is then labelled *complex*. Cottam (1977) defines this complex image's motivational dimension as follows:

> Motivational complexity will be granted governments in this situation. There will be little tendency to ascribe a judgement of good or bad to the policy thrust associated with motivations. Defence is likely to be perceived as a significant aspect of motivation.

Such a non-stereotypical description of a target country's motivation is used as a reference point when one is measuring the degree of simplification in a perceiver's image. In this process, analysts should assess the extent to which perceivers' verbal rhetoric differs from the non-stereotypical complex terms and how closely it resembles one of the stereotypical descriptions in Table 2. The more simplified the motivational picture that perceivers assign to a target country is, the more stereotypical the image and thus the more significantly the image deviates from the reference point. Conversely, the more sophisticated the perceivers' description of the country's motivation is, the less stereotypical the image, and thus the image more closely resembles the complex terms.

For instance, analysts might find that a particular perceiver describes a target country's motivation simply as evil and unjustified, while further emphasising its unlimited drive for world domination. Such a description clearly shows the perceiver's strong tendency to make a negative judgement about the country, in a way that closely resembles the stereotypical enemy image.

In contrast, other perceivers might present some elements of the enemy image while appearing to make a relatively impartial judgement about a country. In this case, they are assigning a more complex motivational picture to the country, one with only a moderate or even weak resemblance to the stereotypical enemy image.

According to image theorists, the degree of stereotypical character in a perceiver's image correlates positively with the level of perceived threat or opportunity (Herrmann, 1988). Therefore, those who hold a stereotypical image of a target country perceive the most intense threats or opportunities coming from the country. For example, people whose description of a target country closely parallels the stereotypical imperialist image are likely to feel considerable concern about their country's risk of being exploited and overpowered by the target country. On the other hand, if perceivers hold a relatively non-stereotypical ally image of a target country, containing some elements of complex aspects and only moderately resembling the ally construct, analysts can infer that opportunities from that country are seen as less strong.

This study applies the theoretical approach outlined above to systematically infer Indonesian elites' perceptions of the BRI based on how they describe China's motivation in promoting the initiative. In the next section, I describe the group of Indonesian elites interviewed for the study.

3. Methodology

Face-to-face interviews were conducted with 50 Indonesian diplomats from March to May 2018. The interviews used primarily open-ended questions to elicit respondents' views regarding the BRI. One closed-ended question

was also asked, following sufficient exploration of the respondents' views, to minimise the possibility of misrepresentation. Qualitative content analysis was then applied to analyse the responses.

A purposive sampling procedure was employed to select Indonesian diplomats for inclusion. To obtain the most influential views within the foreign-affairs bureaucracy, the sample included the top echelon of the foreign ministry, namely the directors general, ambassadors and the consulates general. In addition, I also interviewed the diplomats responsible for Indonesia–China relations and China-related issues during the first presidential term of Joko Widodo (2014-2019). This group comprised junior and middle-level diplomats within the Directorate General of Asia-Pacific and African Affairs, particularly the Directorate for East Asian and Pacific Affairs[6], the Embassy of the Republic of Indonesia in Beijing and the Consulates General of the Republic of Indonesia in Guangzhou and Shanghai.

To obtain a broader spectrum of perceptions, snowball sampling was also applied. This method secured participation by ten diplomats working under the Directorate of ASEAN Political and Security Cooperation, the Directorate of ASEAN External Cooperation, the Directorate of Asia-Pacific and African Intra and Inter-regional Cooperation and the Directorate General of Legal Affairs and International Treaties. These diplomats did not interact with China primarily from a bilateral perspective but through encounters in ASEAN- or APEC-related forums, or based on their understanding of international law. Table 3 indicates the number of respondents of each diplomatic rank.

Informed by discussions with some respondents in this sample, I categorized Indonesian diplomats according to their diplomatic ranks into three groups: the lower-ranking, the middle-ranking and the high-raking officials. The first group consisted of respondents with the ranks of second

Table 3 Description of the Sample of Respondents by Diplomatic Rank[7]

Diplomatic Ranks	N
Attaché	0
Third Secretary	5
Second Secretary	18
First Secretary	8
Counsellor	8
Minister-Counsellor	2
Minister	6
Ambassador	3
Total	50

secretary and lower. The second group included those with the rank of first secretary, counsellor and minister counsellor. It should be noted, however, that I classified respondents with the rank of minister counsellor into the second rather than the third group, despite their status as senior-level diplomat. By so doing, I reserved the third group only for respondents with more direct relevance to the foreign policy processes inside the ministry, as compared to those in the second and the first group. These diplomats were the top echelons in Indonesia's foreign-affairs bureaucracy, namely the directors, the director generals, the consul generals and the ambassadors. Together with the respondents in the second group, they formed the majority of the research sample (Table 3).

Similar to many countries, despite their ranks, diplomats are the most prominent members of the foreign affairs bureaucracy (Neumann, 2005). They do not have the principal or formal authority to make foreign policy decisions, nor are they directly involved in foreign policy decision processes. The bureaucratic mechanisms, nevertheless, allow them to devise foreign policy processes in support of the foreign minister (who is the key decision maker), providing information on external situations or on a particular country under consideration (Novotny, 2010; Wirajuda, 2014). Moreover, they are people with 'implicit influence; those to whom [top] decision makers look for advice, [and] whose opinions and interests they take into account' (Putnam as quoted in Shambaugh, 1991: 21). In this, as Wang (2000: 27-31) noted, studying their perceptions can reveal 'the nature, potential and constraints' of one country's foreign-policy behaviour.

Additionally, as previously described, this study's samples include Indonesian diplomats who are directly or indirectly dealing with China-related affairs. By examining their images, therefore, this study explores one of the most influential perceptual environments within Indonesia's foreign-policy processes[8], and one in which substantial discussions about China, including the BRI and its implementation take place. Since the views held and expressed in this environment can substantially shape Indonesia's responses to the BRI, a close study on these views can be illuminating.

The following two sections systematically present how the diplomat respondents assigned motivational pictures to China in promoting and implementing the BRI. Based on these data, I then inferred their perceptions of the BRI by applying the framework of image theory in international relations.

4. Perceived Chinese Intentions in Promoting the BRI

During the interviews, the respondents were asked, 'How do you understand the BRI launched by China?' To elicit further detail, a follow-up question was also used: 'From your perspective, what then drives China to promote the

BRI?' The responses to these questions were coded based on the diplomats' various descriptions of the goals that they believed China seeks to pursue through this initiative. Five themes emerged: (1) pursuing self-centred economic interests, (2) serving geopolitical interests, (3) establishing domination over other countries, (4) strengthening the legitimacy of the Chinese Communist Party and (5) making a positive contribution to other countries. The following sub-sections present each of these themes in succession.

4.1. Pursuing Self-centred Economic Interests

One group of respondents viewed the BRI as China's grand initiative and as predominantly economic in nature. They stated that by launching the initiative globally, China was seeking mainly to advance its economic interests. The word *connectivity* was frequently mentioned in the descriptions of how the country would advance its interests; China was depicted as attempting to enhance physical connectivity between countries in various regions. In this context, the BRI was understood as a China-initiated cooperation framework that provided massive funding for infrastructure project development in partner countries. The construction of roads, highways, ports and airports was regarded as serving China's interests.

Diplomats indicated that by improving infrastructure along the Belt and the Road, China intended to ensure an unimpeded flow of energy and raw materials into its country from resource-rich nations in the Middle East, Africa and Central Asia. In this regard, the BRI was perceived as part of China's energy security strategy, aimed at satisfying domestic energy demand by ensuring an adequate and continuous supply of energy from overseas. Indonesian diplomats also expressed the view that through the BRI, China ultimately envisioned reducing its dependence on traditional energy routes. By improving port infrastructure and building pipelines in the Belt and Road regions, they said, China was seeking to create alternative means of transport for its energy supplies.

China was also depicted as active in developing new overseas markets for its products, since its domestic market is already saturated due to the pressure of overproduction. In this regard, the BRI was perceived as serving China's market expansion objective. By enhancing infrastructure connectivity between China and many other regions, the initiative would better link Chinese manufacturers to potential export markets along the Belt and the Road. China's main goal was seen as creating outlets to channel the country's excess manufacturing output to other countries.

In view of these circumstances, the promotion of the initiative was often described as motivated primarily by China's desire to boost its international trade. One middle-ranking diplomat referred to the BRI, like the ancient Silk

Road, as 'a trade link' rather than 'a military line', designed to minimise disruptions in China's commercial exchanges with the world. Another respondent summarised China's focus on international trade by stating that the Chinese 'merely think about how their products could reach any corner of the world'.

The BRI was also perceived as an endeavour to mitigate the problem of overcapacity in some industrial sectors that had been central to China's vigorous efforts to promote infrastructure development at home. By providing support for the construction of transport infrastructure in Belt and Road partner nations, some diplomats contended, China was seeking to unload the excess capacity of its steel and cement industries to other countries. Aside from promoting the development of basic infrastructure overseas under the BRI framework, China was also seen as attempting to make the best use of its surplus capital. One diplomat pointed out that China 'has a massive [financial] resource. With the BRI, its excess of capital is dispensed to some projects [from which it could also benefit]'.

As they described the economically oriented objectives China sought to pursue by promoting the BRI, these respondents projected an image of China as a self-centred power. They mentioned that Beijing frequently put forward the principle of win-win cooperation as the basis for inter-state interactions under the BRI framework. To these Indonesian diplomats, however, such a claim was empty Chinese rhetoric intended merely to attract other countries' support for a grand initiative. As the originator of the undertaking, China was perceived as seeking to get the biggest share of the pie. This purpose was arguably evident in the preconditions stipulated for receiving Chinese cooperation on infrastructure development projects. China required these projects to employ Chinese expertise, technology and apparatus, thereby bringing the major financial benefit back to China. In this context, the respondents understood that underlying China's offer of a mutually beneficial cooperation framework was the country's expectation of a greater gain in return.

4.2. Serving Geopolitical Interests

Many respondents described the BRI as merely a part of China's neighbourhood diplomacy (周边外交). China was perceived as using this initiative to establish cordial relations with countries in neighbouring regions, thereby creating a stable immediate external environment. In this context, the cooperation schemes that China offered under the BRI framework were not understood as aiming only to serve the country's self-centred economic interests. By providing massive funding for infrastructure projects overseas, China was depicted as ultimately seeking 'to win as many friends as possible'. The diplomats saw the BRI as basically an instrument to persuade countries

along the Belt and the Road to adopt a positive attitude towards China. One young official made this comment: '[The BRI] is one of the Chinese means to cultivate support from surrounding countries for China's [geopolitical interests] as a great power. … [Such an objective], however, was indirectly attained by backing infrastructure project development in these countries, rather than by explicitly conveying that "we wish to have your support"'.

In promoting this ambitious initiative, China was also described as having the immediate goal of 'bringing back its past glory'. It was a great civilisation during the ancient Silk Road period, a centre of world trade and international exchanges and a nation to which other countries looked up. The launching of the BRI globally was understood as indicating an intention to once again make China a world-leading power. From some respondents' perspective, it was only natural for China to pursue such an objective. As one diplomat explained, 'If you were once big, I am sure that you would like to be big again'. Comments further suggested that by attempting to win other countries' support for the implementation of its grand initiative, China was merely doing something expected of great powers. As another respondent pointed out, '[China] is a great nation, so that [it] wishes to be the pioneer, the one who leads'. In this context, the BRI was depicted as a Chinese strategic endeavour to project the country's status as a great power.

China was further seen as seeking to gain broad acknowledgement of its central position in current international affairs. Putting the BRI at the heart of China's foreign-policy conduct, Indonesian diplomats said, sent a message that China could not be ignored in any equations of international politics. As one respondent commented, 'For me, [the BRI] is simply an ambitious project initiated by China to demonstrate that it is no longer a developing country, but one of the developed ones, and therefore should be taken into account'. Echoing this perspective, another respondent described the BRI as a strategy 'to realise China's ambition to become a powerful country that occupies a determinative role in international [affairs]'.

While providing descriptions like those quoted above, many respondents also mentioned China's desire to gain influence over countries along the Belt and the Road. The economic cooperation framework contained within the initiative, which partner countries can use to fund infrastructure projects, was thus seen as a mere entry point by which China could exert its influence. In this context, the BRI was then interpreted as a strategic means that 'enable[d] China, in the long run, to get whatever it wishes to obtain from its [belt and road] partners', including support for China's geopolitical interests. The vast geographic area across which China has planned to promote the initiative, moreover, convinced these respondents that the country was attempting to make its presence felt, and not only in its immediate neighbouring regions. In short, the BRI was seen as a Chinese strategy to expand its sphere of influence.

Regarding China's pursuit of such an objective, many respondents contended that the country was hardly unique. As one diplomat stated, for example, 'Nothing is new about [the BRI]'. Pointing to the US-initiated Marshall Plan, which provided Western Europe with aid to rebuild its economies following World War II, he referred to these two initiatives as 'in fact similar', particularly in terms of the ultimate goals they sought to achieve. As for the fact that China introduced the BRI globally, another respondent commented, 'It is completely normal' (Indonesian: *itu wajar-wajar saja*). Like China, as she further explained, the US and Japan have also brought forward their proposal for a 'free and open Indo-Pacific'. In this context, China was seen as simply doing what great powers are expected to do.

In addition, respondents considered it natural for China to extend its influence overseas because the country has the capacity to do so. One diplomat stated, '[The Chinese] have addressed [their people's] primary needs and even the secondary ones. Therefore, they are currently attempting to show to the world who they really are'. Another respondent suggested that Indonesia would be likely to pursue the same objectives as China if the country reached a comparable level of capability. He said, 'As [Indonesia] grows stronger, [I believe], the country will then feel a stronger desire to have influence over other countries'. In view of these considerations, a third respondent described it as inevitable (Indonesian: *keniscayaan*) that China would promote the BRI globally to expand its sphere of influence. He commented that 'a developed country with great ambition, glorious past and massive capability … does not really have the option of taking a step backward'.

4.3. Establishing Domination over Other Countries

Some respondents contended that China's ultimate goal in promoting the BRI was to establish domination over its Belt and Road partners. This suggestion frequently dovetailed with the claim (discussed above) that China was driven heavily by self-centred economic interests. The BRI's efforts to enhance infrastructure connectivity between China and its partners were seen as designed to boost international trade and expand the market for Chinese products. Respondents indicated that the People's Republic of China was likely to be the party that obtained the greatest benefit. Although China's rhetoric emphasised 'mutual benefit', the proposed economic cooperation was understood as subject to certain conditions. As one respondent explained, the Chinese demanded that infrastructure project development related to the BRI must use Chinese resources as much as possible, including Chinese technology.

However, some respondents went on to claim that China's foundational interest was in the political gains to be achieved from its intensified economic cooperation with BRI partner countries. One diplomat opined that the

requirement to use Chinese technological advances on BRI projects could ultimately make the Belt and Road partners more dependent on China in the long run. In this context, BRI was presented as the Chinese strategy 'to dominate the world through economic means'. This is where the respondents expressed their deepest concerns about Indonesian participation. As another respondent pointed out, 'What is so wrong about [seeking] economic cooperation [with China]? Nothing … My main concern, [though], is that the Chinese always attempt to make use of economic cooperation for obtaining political gain, just like what happened in Africa'. The speaker stressed China's potential ability to use initiatives like the BRI to increase its political leverage over its partners and thereby undermine their sovereignty.

To reinforce their concern, this group of respondents highlighted the situation in some countries that were viewed as falling into the Chinese debt trap. One interviewee, for instance, described the consequences of increased economic cooperation between China and Sri Lanka. The latter country was ultimately unable to pay back its massive debts, with the result that China took over ownership of the infrastructure project that the two countries had agreed to build. The Indonesian diplomat cited this example to demonstrate that cooperation under the BRI framework was not driven by purely commercial calculations – i.e. whether the project was economically viable. Echoing this perspective, another respondent argued that Chinese judgements on what projects to participate in were based on the country's interest in making other countries heavily dependent upon it. This view was grounded partially on the conviction that the private sector is almost non-existent in China. This respondent stated, 'When the state agency is behind [any foreign economic assistance, political] calculations will take precedence over business ones. This would only create concerns'.

4.4. Strengthening the Chinese Communist Party's Legitimacy

Some Indonesian respondents depicted China as having the ultimate intention of strengthening the Chinese Communist Party's (CCP) power base at home by promoting the BRI extensively abroad. In this case, obtaining economic gain from the BRI projects was seen as an intermediary objective. By ensuring the successful implementation of this grand and ambitious initiative, China was trying 'to keep the CCP regime credible in the eyes of the Chinese people and to gain trust from the people, so that the regime can stay in power'. This comment suggests that for the respondents, China's economic performance was still an important source of legitimacy for the CCP regime. In advancing the BRI, one diplomat said, China was 'after economic gain to promote the welfare of its people. Its failure to do so would only put the CCP's legitimacy at risk or even trigger another revolution to remove the regime from power'.

4.5. Making Positive Contributions to Other Countries

China was also seen as pursuing altruistic goals in promoting the BRI. For example, one diplomat described the Chinese as seeking to make a positive contribution to the world by attempting to improve economic conditions following the 2008 global financial crisis. The country was praised for taking the initiative to create a cooperative platform by which to facilitate and boost international economic exchanges amidst the global economic downturn.

By promoting the BRI, moreover, China was depicted as seeking 'to promote the welfare of and bring prosperity to the countries along the Belt and the Road'. In this regard, the country's interest in deploying its overcapacity in the infrastructure development sector corresponded with many other countries' desires to address their own infrastructure deficits and their lack of financial capability to do so. Promotion of the BRI was therefore perceived as China's effort to establish a 'win-win cooperation' with its Belt and Road partners.

5. Indonesian Diplomats' Perceptions of the BRI

I will now apply image theory to infer Indonesian respondents' perceptions of the BRI from their views (presented above) regarding China's intentions in promoting the initiative.

The diplomat respondents' descriptions of China's reasons for promoting the BRI include elements that resemble four different stereotypes: the enemy, the imperialist, the degenerate and the ally. First, for those whose responses fit the enemy stereotype, the economic cooperation offered under the BRI framework is a trap to make other countries highly dependent on China, enabling the People's Republic to take advantage of these countries' economic resources. These diplomats expressed the concern that by supporting the BRI, Indonesia could eventually be economically exploited and politically subordinated by China.

Some respondents suggested that through the BRI, China was attempting to secure an unimpeded supply of energy and raw materials from the countries along the Belt and the Road. It was also described as seeking to expand the market for Chinese products by penetrating deeply into the economies of partner countries. In this regard, the slogans of mutual benefit and win-win cooperation that the Chinese used in promoting the BRI were perceived as mere empty rhetoric. Beijing was also regarded as seeking mainly to advance its self-centred economic interests by attracting support for this China-led initiative. These motivational images assigned to China most closely resemble the imperialist stereotype. However, the resemblance was only moderate, since the diplomats did not view China as actually trying to place other countries under its control or treat them as overseas colonies.

Some of the comments about China's intentions could be characterised as similar to the degenerate stereotype, as Chinese leaders were seen as ultimately seeking to prop up the CCP's uncertain legitimacy at home by promoting the BRI abroad. However, this description lacks most of the central characteristics of the degenerate image. Primarily, there was no indication that the Chinese leaders viewed their country's status in international politics as declining.

Those who attributed altruistic motives to China's promotion of the BRI painted a picture that highly resembled the ally image. China was described as seeking to bring prosperity to other countries along the Belt and the Road and as making a positive contribution towards addressing the global economic slowdown following the 2008 financial crisis. In these descriptions, China was depicted as willing to ensure that its partners would also benefit from the BRI.

One theme that emerged from the respondents' descriptions of China's intentions in promoting the BRI does not neatly fit any of the identified stereotypes. This theme was the viewpoint that by implementing the BRI, China was attempting to expand its sphere of influence. For these respondents, the BRI was a strategy to cultivate support for China's geopolitical interests while further projecting its status as a great power. Those who assigned this motivational picture to China did so without making positive or negative judgements on it, regarding such foreign policy goals as more or less legitimate and understandable (see Zhang, 2014). They explained that it was not unusual for China, a country with massive power, to pursue such objectives in its foreign-policy engagements. In the present context, such descriptions of Chinese intentions bear the closest resemblance to what image theory calls a complex image. Table 4 summarises the findings from the exploration of the respondents' descriptions of Chinese intentions in promoting the BRI.

Table 4 The Resemblance between Respondents' Descriptions of China's Goals in Promoting the BRI and Relevant Images[9] (sample: 50 respondents)

Images	Degree of Resemblance	Inferred Perceptions	%
Imperialist	Moderate	*Moderate* threat	76.0
Degenerate	Low	*Little* opportunity through domination	10.0
Enemy	High	*Major* threat	8.0
Ally	High	*Considerable* opportunity to pursue mutual interests	4.0
Complex/Non-stereotypical	High	*Neither* threat *nor* opportunity	56.0

More than three-quarters of respondents presented descriptions that resembled, at least to a moderate extent, the ideal-typical motivational attributes of the imperialist image. Only four respondents depicted China's motives for the BRI in a way that matched the enemy image and just two made comments that aligned primarily with the ally image. Five respondents' perspectives had a low degree of resemblance with the degenerate image. On the other hand, 56 percent of respondents also presented aspects of a complex image, describing what China seeks to pursue through the BRI in a manner that did not match any of the stereotypes.

Table 4 further shows that perceiving threats from China was a predominant trend among the respondents in this sample. More than 80 percent described various degrees of threats from the People's Republic, projecting either the enemy or imperialist images when discussing the country's intentions in launching the BRI. However, most of the diplomats saw the threat as moderate in degree. Only 8 percent of respondents perceived a high-intensity threat from this China-led initiative.

On the other hand, those who perceived that the BRI offered various kinds of opportunities for Indonesia represented only 14 percent of the respondents. Five of these seven diplomats perceived an opportunity for domination, but only to a low degree, since they projected a largely non-stereotypical version of the degenerate image. Only two described the opportunity to pursue mutual interests with China, consistent with the highly stereotypical ally image.

The tendency to perceive China in a relatively non-stereotypical way was quite strong among the diplomats in this research sample. In fact, only about 12 percent of the respondents presented highly stereotypical descriptions of China and its foreign-policy motivations in the context of the BRI. These respondents hold the ideal-typical images of either enemy or ally, perceiving either major threats or considerable opportunities for Indonesia from its partnership in the initiative.

In contrast, 56 percent of the respondents included non-stereotypical motivational features in their descriptions of China's intentions in promoting the BRI. Primarily, they indicated that nothing was particularly unusual about the goals the People's Republic sought to pursue through the initiative. In this regard, they were less explicit in ascribing either a positive or a negative judgement to China's purposes in launching the BRI. China was further regarded as no different from other great powers in aiming to expand its sphere of influence by introducing a grand foreign policy initiative.

The tendency to view Chinese motives in non-stereotypical ways indicates that the Indonesian diplomats in this study's sample are relatively sophisticated in their perceptions of China and the BRI. A substantial majority avoided making strongly negative judgements on China's motives. In addition,

they saw China's manoeuvre to launch the initiative as hardly a unique foreign policy behaviour, since other great powers have taken similar actions.

To this point, this section has presented the perceptual trends in the overall samples. Now, how are the perceptions of the BRI shared among the lower-, middle-, high-ranking officials? Table 5 provides a closer look at the data.

Table 5 Distribution of Images across Groups of Respondents

Images	No. of Lower-Ranking Officials (N=23)	No. of Middle-Ranking Officials (N=18)	No. of High-Ranking Officials (N=9)	Total (N=50)
Moderate-Imperialist	16	16	6	38
Complex	14	8	6	28
Low-Degenerate	2	3	0	5
High-Enemy	3	0	1	4
High-Ally	1	1	0	2

It can be seen that images are distributed in relatively similar patterns across the three groups of respondents. In each group, a large majority of diplomats presented the moderate-imperialist image. Additionally, those presenting the non-stereotypical image comprised a large proportion of each group. They constituted more than 60 percent of the junior diplomat and top official samples and around 44 percent of the middle-ranking official sample (Table 5). Indeed, these trends correspond to the prevailing tendencies of how the overall samples perceive the implementation of the BRI. As such, those who perceived a moderate level of threat from the BRI or viewed the Chinese motives in a sophisticated way were dominant not only in the overall samples but also in each sub-sample.

6. Affective Orientations towards the BRI

In addition to exploring the respondents' cognitive orientation, the interviews also inquired into Indonesian diplomats' attitudes towards the BRI by asking, 'What is your overall opinion about the BRI?' Coding of the responses identified five broad themes: (1) taking a positive attitude towards the initiative, (2) taking advantage of the initiative, (3) engaging China cautiously, (4) describing the Chinese as ambitious, and (5) other remarks. Table 6 indicates the number of responses by category.

Table 6 Respondents' Overall Attitude towards the BRI (Sample = 49 respondents)[10]

Subjects	No. of respondents	Proportion (%)
Taking a positive attitude	9	18.4
Taking advantage of the initiative	12	24.5
Engaging China cautiously	24	48.9
Describing the Chinese as ambitious	3	6.1
Other remarks	3	6.1

Nine respondents expressed a positive attitude towards the BRI, as demonstrated by their admiration and support for China's launch of the initiative. One diplomat, for example, portrayed the BRI as a 'smart' (Indonesian: *cerdas*) initiative that 'deserves appreciation'. For him, it was very timely, coming at a point when the world was suffering from economic stagnation and many countries needed funding to stimulate economic growth. Another respondent characterised the BRI as 'the new driving force in international affairs', emphasising China's positive contribution to the current dynamics of inter-state relations. The BRI was also seen as a visionary initiative that provided useful lessons for Indonesia to apply in its own future strategic planning. China was described as having approached Indonesia in an 'elegant' and 'sympathetic' manner in its endeavours to promote the BRI. The respondent who used these terms highlighted China's use of dialogue rather than coercion in determining the projects on which Indonesia and China would cooperate within the BRI framework.

This group of respondents maintained an optimistic attitude about BRI implementation, perceiving China as having both the capability and total commitment to realise this grand initiative. These respondents did not deny the potential challenges that could hinder successful implementation, but they took the attitude that whatever comes from China should not always be seen in a negative light.

Beyond simply holding a favourable opinion of the BRI, 12 respondents noted some features of the initiative from which Indonesia could benefit. They observed that the BRI offered a scheme that could address the needs of many other countries, including Indonesia. In this regard, most of them stressed the issue of connectivity. They stated that lack of connectivity, caused by poor infrastructure, was undermining Indonesia's competitiveness in international trade, thereby harming the country's economy. In this context, the BRI was seen as an alternative source of funding to help Indonesia improve its infrastructure. As one respondent said, '[While] the Chinese have massive capital, Indonesia is in need of [fostering its national] development'.

Given the BRI's concern for enhancing inter-regional connectivity, it was further perceived as providing opportunities for Indonesia to connect with an improved logistics network that would eventually increase the country's performance in international trade.

For this reason, one respondent portrayed the BRI as an 'attractive' proposal. 'Whatever the motives behind [its launch]', she commented, 'if we can reap benefits from it, then why [should we be against it]?' China was seen as presenting a considerable opportunity that Indonesia could not afford to miss. Its massive reserves, according to another respondent, 'certainly present an opportunity; we should take advantage of it'. Echoing such a perspective, a third respondent stated, 'This is, in fact, a good initiative that is supported by many countries, just like a moving loaded train … Either we miss the train, or the train takes us. … There are only these two choices. However, the train will move anyway, with or without us. So we had better jump on it'.

The largest group of respondents contended that Indonesia should exercise caution while engaging with the BRI. They did not dispute that China was offering an alternative funding scheme that Indonesia could take advantage of to improve the country's infrastructure condition. However, instead of translating this acknowledgement into complete support for the initiative, these respondents expressed some concerns about Indonesia–China cooperation within the BRI framework. From their perspective, Jakarta should carefully consider where and how to cooperate, rather than merely giving in to China's demands. As one respondent pointed out, 'We basically are not in the position to oppose the [initiative]. … [Indonesia], however, should not easily accept any offer of cooperation without a clear understanding, for example, of the detailed arrangements as well as the terms and conditions'. This diplomat believed that 'every country would take similar paths', except for those that are highly dependent on China. Indonesia, he said, should not be like those countries that 'would simply take up what China has offered'.

Among the concerns raised by this group was the potentially extensive use of Chinese workers in projects funded by loans from China. Underlying this concern was the belief that the expansion of BRI-related cooperation could benefit China at Indonesia's expense. As one respondent pointed out, 'We [Indonesia] have to look into [the cooperation framework], so that China would not be the only party that gains benefit'. Some suggested that Indonesia should impose constraints when engaging the BRI. One argued that Indonesia should have a say in determining 'where and in which sectors China could fund cooperation projects, how many Chinese workers could be employed, [and] how large a proportion of local components the projects have to utilise'. For these reasons, this group emphasised that Indonesia must be cautious in its negotiations. Another respondent added, 'We should further promote our cooperation with China. Anyway, nowadays, who would not want to

have cooperation with China? Nonetheless, we definitely need to [calculate everything] carefully and remain vigilant, so that we do not compromise our national interests or become the party that suffers loss in this [BRI] cooperation framework'.

Some respondents warned that Indonesia could be politically undermined by China while expanding its bilateral economic cooperation through the BRI framework. They stressed that in the implementation of this China-led initiative, 'there is no such thing as a free lunch'. In accordance with this maxim, one respondent observed, 'By receiving [funding from China], we then certainly have to give something in return'. He suggested that in exchange for the massive funding being provided for infrastructure projects in Indonesia, China might require the country to support its geopolitical interests in ways that could eventually place Jakarta under Beijing's influence. In this context, another respondent commented that Indonesia must be able to take control of its engagement with the BRI, so that the country's expanding economic relations with China 'could serve [its] national interests well, without sacrificing its political [autonomy]', particularly with regard to Indonesia's foreign relations.

Three interviewees, when asked for their overall opinion of the BRI, simply depicted it as 'highly ambitious'. According to one respondent, this feature was clearly reflected in how Beijing approached other countries to seek their support of the initiative, the vast geographic scope of the Belt and Road partners and Beijing's use of the initiative to expand China's sphere of influence in the context of its strategic rivalry with the US. While noting the ambitious nature of the BRI, another respondent commented, 'Why not?' She saw nothing particularly surprising about such a manoeuvre since, as a great power, China clearly had the capability to undertake it.

One respondent expressed no particular opinion of the BRI. He characterised the initiative as nothing more than a part of China's strategy 'to expand its sphere of influence' and 'to open new markets' as well as 'to ensure [energy] supply [from overseas sources]'. Another respondent declined to express an overall opinion, believing that more time was needed to properly assess the BRI's impact on Indonesia's national interests. From her perspective, whether BRI would be favourable or unfavourable for Indonesia remained to be seen. A third respondent did not explicitly express an opinion but instead discussed her uncertainty about the BRI's implementation. 'We still do not understand', she said, 'why China designed the initiative in such a way as to pass through some high-risk areas, like Afghanistan, that are replete with [armed] conflicts. What kind of benefit does China intend to obtain from such areas? I still do not get the answer'.

Table 7 shows how opinions on the BRI are distributed across the groups of respondents. In each sub-sample, most of the respondents argued that

Table 7 Distribution of Opinions on BRI across Groups of Respondents

Subjects	No. of Lower-Ranking Officials (N=23)	No. of Middle-Ranking Officials (N=17)	No. of High-Ranking Officials (N=9)	Total (N=49)[11]
Engaging China cautiously	9	11	4	24
Taking advantage of the initiative	5	4	3	12
Taking a positive attitude	5	1	3	9
Describing the Chinese as ambitious	3	0	0	3
Other remarks	2	1	0	3

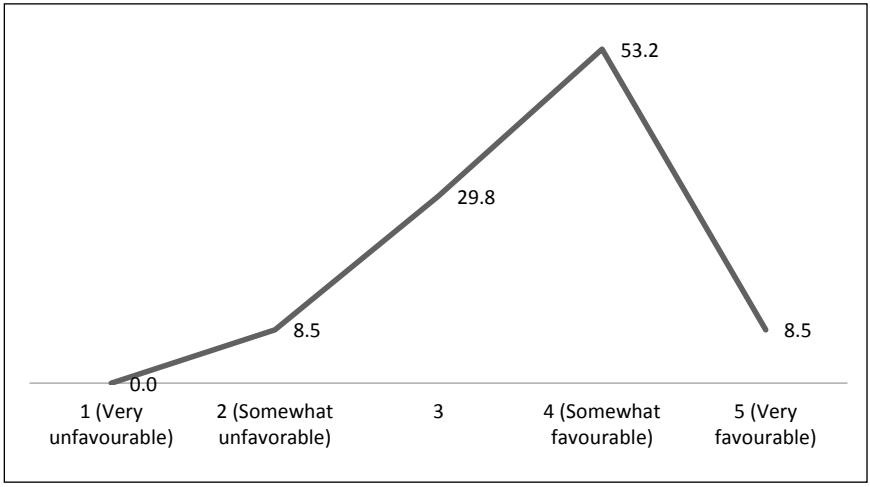
Indonesia should cautiously engage with China. Additionally, a fewer number of respondents either believed that Indonesia should benefit from the BRI or held a positive opinion about the initiative. This pattern of distribution is a reflection of how opinions on the initiative are shared among all the diplomats in this study's sample. In this, it can be said that those who view the initiative with caution predominated not only the overall samples, but also each sub-sample.

As presented above, many of the diplomats in the research sample seemed to avoid openly expressing an attitude towards the BRI, giving answers that could not be clearly coded as favourable or unfavourable. This is not surprising, since professional diplomats tend to be guarded in their answers. The reliance on open-ended questions, which do not permit the researcher to guide or tightly control responses, also partly explains this finding.

For this reason, one closed-ended question was used to ensure that the respondents' affective orientation towards the initiative was represented correctly. The question was as follows: 'I would like your overall opinion of the BRI. Would you say that your overall opinion is very favourable, somewhat favourable, somewhat unfavourable, or very unfavourable?' Respondents were shown a 5-point scale (1 = very unfavourable, 5 = very favourable) to guide their answers, but point 3 on the scale was intentionally not labelled with any attitudinal expression, to encourage the respondents towards choosing either a favourable or an unfavourable option. Figure 1 presents the distribution of responses to this question.

As the figure indicates, most respondents (61.7 percent of all answers) held positive feelings towards the BRI. Another 30 percent took a neutral stance. The mean score for the sample was 3.59, indicating generally favourable attitudes but at a fairly low degree of intensity. The respondents' feelings towards the BRI could not even be regarded as 'somewhat favourable' since the average score is still a bit far below 4.

Figure 1 Distribution of Respondents' Affective Orientations towards China's Promotion of the BRI (by percentage; sample = 47 respondents)[12]



7. Conclusion

This article has explored Indonesian diplomats' perceptions of China and its endeavours to promote the BRI globally. By focusing on members of the foreign-policy bureaucracy who deal directly with Indonesia–China relations and other China-related affairs, it has probed opinions and attitudes in one of the most influential environments that have shaped Indonesia's responses towards the BRI. The findings suggest a strong tendency to see threats along with opportunities in China's foreign-policy endeavours. However, most of them rate the risks at a moderate level of potential economic exploitation, rather than as threatening to make Indonesia highly economically dependent on China. A small minority of the diplomats perceived the threat as more intense, believing that the Chinese could attempt to subordinate Indonesia politically through economic cooperation within the BRI framework.

Overall, the respondents adopted somewhat favourable attitudes towards the BRI. Their responses suggest a high level of perceptual sophistication. The presence of some negative perceptions of China's intentions does not prevent these diplomats from seeing positive aspects of this grand initiative. They do not ignore the fact that Indonesia could take advantage, to some extent, of the cooperation frameworks provided by the BRI. This sophistication is further reflected by the large number of responses emphasising that Indonesia should engage cautiously with the BRI. Most of the diplomats recognised that by proceeding carefully, Indonesia could also benefit from the initiative rather than merely being exploited economically.

These policy suggestions correspond closely to how Jakarta has responded to the BRI during the first six years following its launch. It thus appears that the sentiments expressed in the interviews conducted for this study have helped to shape Indonesian policy towards the BRI. China's offers have been viewed in a sophisticated way, as neither a complete threat nor simply an opportunity. The level of perceived threat has led the Indonesians to exercise some caution, but not to oppose participation in the BRI. Conversely, the degree of perceived opportunity has facilitated Jakarta's engagement with the initiative, yet not to the point of causing Indonesia to express complete support. As a result, Indonesia has continued to engage with China's BRI proposals but has held back from doing so thoroughly. By pursuing such a policy, Jakarta wishes to ensure access to China's massive financial resources while avoiding the risk of being exploited economically by the Chinese.

As shown above, holding less stereotypical perceptions of a target country appears to help policy-makers to steer clear of an either-or reaction when formulating a strategic response to that country's overtures. More sophisticated perspectives restrain them from rushing to adopt one particular strategic response at the expense of other possible alternatives. If Jakarta continues to respond in this way, it will most likely maintain its engagement with the BRI, but while still placing some constraints on how intensive Indonesia–China bilateral economic exchanges related to the BRI can become and on how explicitly Indonesia agrees to promote the initiative globally.

Under these circumstances, it is unrealistic for Beijing to expect Jakarta's complete and enthusiastic support for China's grand initiative unless a major shift in how Indonesians perceive China takes place. However, it is not inconceivable that the Chinese could achieve such a perceptual change over time. Ensuring that BRI projects in Indonesia contribute positively to the country's development and have direct impact on Indonesian society could ease concerns that BRI cooperation schemes will enable China to exploit Indonesia economically. For this reason, if China desires to gain strong support of the BRI, its implementation should be more demand-based than supply-based, thereby creating more positive economic exchanges and more sustainable cooperation between China and its Belt and Road partners.

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Notes

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1. Xi Jinping pledges 'great renewal of Chinese nation' (2012, November 30). Retrieved 4 November 2019, from http://www.china.org.cn/china/2012-11/30/content_27269821.htm
2. Indonesia signed a BRI-related Memorandum of Understanding with China only five years after President Xi launched the initiative. In October 2018, this bilateral document (entitled "Jointly Promoting Cooperation within the Framework of the Global Maritime Fulcrum Vision and the Silk Road Economic Belt and the 21st Century Maritime Silk Road Initiative") was signed in Beijing by Indonesia's Coordinating Minister for Maritime Affairs and the Chairman of China's National Development and Reform Commission.
3. This 142-km high-speed railway link was initially expected to begin operations in 2019. However, as of November 2019 only 36 percent of construction had been completed. See 'Progres Proyek Kereta Cepat Jakarta-Bandung Capai 36,01 Persen' (2019, November 12). Retrieved 6 December 2019, from https://money.kompas.com/read/2019/11/12/164445626/progres-proyek-kereta-cepat-jakarta-bandung-capai-3601-persen
4. Drawing upon Fritz Heider's balance theory, image theory then establishes the link between perceptions and images, facilitating efforts to infer individuals' perceptions from their images. As Herrmann (1985: 34) argues, individuals are inclined 'to develop conscious images of others that are balanced with their emotional sentiment toward the other'. In the context of international relations, individuals' images of a target country are directly connected with the degree of threat and/or opportunity they believe that country presents (Jervis, 1976). This further implies that images could be used as 'indicators of an underlying perceived threat or perceived opportunity' (Herrmann, 1988: 184).
5. In this regard, images should be understood in accordance with the gestalt tradition in psychology (Herrmann, 2013; Payne & Cameron, 2013). Images have a so-called 'gestalt quality', or 'a characteristic which is immediately given, along with elementary presentations that served as its fundament, dependent upon the objects, but rising above them' (Wagemans, 2015: 5). In other words, an image is a unified, whole impression that cannot be understood merely by summing up its elements. This implies that an image of a given country is not constructed simply by describing each of the ideas a person might have when thinking about that country. Although the observer may have impressions of the observed country's

geographic location, history, cultural traditions, people, weather, military strength, economic development and even culinary heritage, image theorists, following the gestalt tradition, argue that not all those ideas are central to the formation of an integrated overall impression of the country under consideration. As Herrmann (2013: 340) explains, 'The pieces going into an impression were not seen as equal. Some were more important and seen to be at the center of the gestalt'.

6. The 'China Desk', formally known as the sub-directorate for East Asian and Pacific Affairs I, is located under this directorate.
7. According to the Regulation of the Minister of Foreign Affairs Number 4 of 2009, there are eight ranks in the Indonesian diplomatic service as appeared in Table 3. Diplomats who have passed *Sekolah Staf Dinas Luar Negeri* (the Mid-Career Diplomatic School) will be promoted to the rank of first secretary. After completing a training at *Sekolah Staf dan Pimpinan Luar Negeri* (Senior Diplomatic School), diplomats are promoted to the rank of minister counsellor.
8. New foreign-policy stakeholders, especially ones outside the bureaucracy, have emerged since Indonesia's transition to democracy (Dosch, 2006; Murphy, 2012; Nabss-Keller, 2013; Rüland, 2014, 2016). As Dewi Fortuna Anwar (2010) has observed, in Indonesia's democratic government, foreign policy is made by 'multiple centres of power'. However, previous studies suggested that foreign policy processes in post-authoritarian Indonesia have largely retained their 'state-centric' nature, in which the president, cabinet members and the foreign ministry play prominent roles (Gindarsah, 2012; Novotny, 2010; Wirajuda, 2014).
9. During the interview, each respondent can mention more than one verbal imageries. For this reason, the total percentage distribution does not add up to 100 percent. The percentages in the table represent the proportion of respondents who mentioned each imagery. It should be noted that this mechanism also applies to other tables of the same kind throughout this article.
10. There is missing data due to an error during the recording process.
11. See footnote 9.
12. Three interviewees did not respond. Also, two respondents gave answers that were between points on the scale – specifically, 3.5 and 4.5. These answers have been rounded up to 4 and 5, respectively.

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China's Economic Engagement in Vietnam and Vietnam's Response

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Abstract

Since the normalization of Vietnam-China relations in 1991, bilateral trade relations have grown so rapidly that China has emerged as Vietnam's major trading partner for many years. The strengthening of trade relations was subsequestly followed by increasing inflows of China's FDI, loans and project contractors to Vietnam. The deepening of China's economic engagement in Vietnam has led numerous studies to argue about Vietnam's economic dependence on China indicating deterioration of the Vietnamese government's power to manage it. The Vietnamese government's ability to manage economic dependence on China continues to be questioned in an era of global economic uncertainty beginning with the global financial crisis of 2008 and the rise of global protectionism post-2008 heightened by the US-China trade war that has begun in early 2018. This study argues that China's deepening economic engagement in Vietnam in terms of trade, investment, loans and project contracting has never abolished the power of Vietnamese government. Instead, the Vietnamese government's power was transformed or restructured as it actively implements various policies and strategies to address deepened China's economic engagement and its impacts. However, this study also argues that the power of Vietnamese government is constrained by a variety of internal and external factors including global economic uncertainty driven by the US-China trade war.

Keywords: *oriental globalization, role of state, trade, investment, loan*

1. Introduction

Since 3,000 years ago, Vietnam-China relations have undergone several transformations, i.e. from the phase where Vietnam was on the edge of Chinese pre-empire, Vietnam as part of the Chinese empire, unequal Chinese and Vietnamese empires, fellow victims of imperialism, revolutionary

brotherhood, hostility, normalization and eventually normalcy. In all phases, Vietnam-China relations are asymmetric where there is a huge difference in the demographic and economic capabilities that put Vietnam in a more vulnerable and sensitive situation against China (Womack, 2006). However, since the Vietnam-China relationship normalized in 1991 and changed to normalcy in 1999, diplomatic relations of both countries expanded rapidly and subsequently enhanced to the strategic partnership in 2013 and deepened into the strategic cooperative partnership.

In terms of Vietnam-China economic relations, the literature review can be divided into two streams of scholarship. The first stream argues that the deepening of China's economic engagement in Vietnam especially in terms of trade and project contracting has led to Vietnam's dependence on the Chinese economy (CIEM, 2016; Le, 2017b). Meanwhile, the second stream argues that Vietnam has the autonomy to manage its asymmetric relations with China and reduce Vietnam's dependence on China in terms of trade, investment, loans and development assistance (Womack, 2010; Lee, 2014). However, the debate over Vietnam's dependency on China and Vietnam's autonomy to manage the dependency needs to be placed in the context of the new global economic uncertainty stemming from the 2008 global financial crisis and rise of protectionism all around the world post-2008 which culminates in the US-China trade war that has been taking place since early 2018.

Against the above backdrop, this article aims to answer the following three research questions. First, what are the impacts of China's economic engagement in Vietnam in terms of trade, investments, loans and project contracting? Second, what are the policies and strategies adopted by the Vietnamese government to address China's economic engagement and its impact? Third, to what extent are the policies and strategies adopted by Vietnam constrained by domestic and external factors, especially the global economic uncertainty driven by the US-China trade war? To answer these three questions, the article is divided into four sections, i.e. introduction, theory of globalization and role of the state, China's economic engagement in Vietnam in terms of trade, investments, loans and project contracting, and conclusion.

2. Globalization and Role of the State

To help analyze the research questions above, this section discusses three approaches to globalization theory – hyperglobalizers, sceptics and transformationalists – with particular attention given to the role of state in development. Hyperglobalizers like Ohmae (1995) argue that contemporary globalization is a new era in which global market orders dominate the people wherever they are. They celebrate the emergence of a global market and uphold the principles of global competition as pioneers of human progress. They argue that

economic globalization is bringing about denationalization of the economies through the establishment of global governance and transnational network of production, trade and finance in which national governments only serve as facilitators of global capital flows. The power and legitimacy of nation-states are being challenged as national governments are increasingly unable to exercise control over cross-border issues such as financial market fluctuations, investment decisions, environmental pollution or terrorist networks. In other words, hyperglobalizers put forward the thesis that globalization is a truly global era that has brought about the end of nation-states.

Contrary to hyperglobalizers, sceptics such as Hirst and Thompson (1996) argue that globalization is a myth that hides the realities of the international economy that is increasingly divided into three major trading blocs i.e. Europe, Asia Pacific and North America. This is because the current international economy is yet to form a fully integrated global market and it is less integrated than the international economy in the 1890s. They argue that what is happening is not globalization but an increased level of internationalization among the dominant national economies. The role of the national government has never been weakened by internationalization or global governance but rather strengthened through regulatory activities and promotions of cross-border economic cooperations.

The sceptics continue to argue that internationalization does not diminish North-South inequality but continues to marginalize the economies of many Third World countries. This is due to the fact that trade and investment flows are concentrated only in rich North countries and most transnational corporations (TNCs) remain to be the tools of their home country or region. Therefore, they argue that internationalization has brought only minor changes to the patterns of global inequality and economic hierarchy. In other words, sceptics put forward the thesis that what is happening is not globalization but internationalization supported by the strengthened role of the states.

By taking the middle ground between the two approaches, transformationalists such as Giddens (1990) and Rosenau (1997) agreed with some of the hyperglobalizers' thesis that globalization is actually taking place. This is because contemporary globalization reflects unprecedented levels of global connectivity as the world no longer has a clear distinction between international and domestic affairs. However, transformationalists reject the hyperglobalizers' thesis that the power of national government is weakened, as well as sceptics' thesis that there is not much change in world order. Instead, transformationalists argue that the power of the national government is transformed or restructured to adapt to the globalization's massive shake-out on society, economy, governance institutions and world order. However, the direction of the shake-out is unclear as globalization is seen as an essentially contingent historical process replete with contradictions.

According to transformationalists, the cases of European Union and the World Trade Organization (WTO) are evidence that national powers have been restructured following the establishment of international regulatory agencies, international law, TNCs and international social movements. Given the changing world order, the national governments have been forced to adopt coherent strategies of engaging with the globalizing world and have become increasingly 'outward-looking' to address cross-border issues. In other words, transformationalists argue that globalization is really taking place and is transforming the power of national government.

Based on the above discussion, the transformationalists' thesis is adopted and applied in this article for several reasons. First, the transformationalists' thesis is more in line with the existing realities in which globalization: has not completely transformed the world into a global society and market following the growth of Free Trade Agreements (FTAs) worldwide; is replete with various contradictions in historical processes such as the 1997 Asian Financial Crisis and the 2008 Global Financial Crisis; has restructured the national governments post Asian Financial Crisis by transforming developmental states into regulatory states; has brought about both global integration and fragmentation such as the adoption of Euro Zone and BREXIT; and is restructuring the world order following the emergence of the BRICS group.

Second, the globalization discussed in this article is not Occidental Globalization but Globalization with Chinese characteristics (Henderson, Appelbaum and Ho, 2013) or Oriental Globalization 2.0 currently led by China (Pieterse, 2015). This globalization is an externalization of China's political economy led by several key initiatives such as the 'Go Global' strategy in the early 2000s and the Belt and Road Initiative (BRI) in 2013 with the support of Chinese financial institutions such as the Asian Infrastructure Investment Bank (AIIB), Silk Road Fund as well as Chinese policy banks. Third, the transformationalists' emphasis on restructuring the national power by adopting proactive policies and strategies in managing globalization is suitable to be applied in the context of Vietnamese government in addressing China's economic engagement in Vietnam in terms of trade, investment, loans and project contracting.

3. China's Economic Engagement in Vietnam

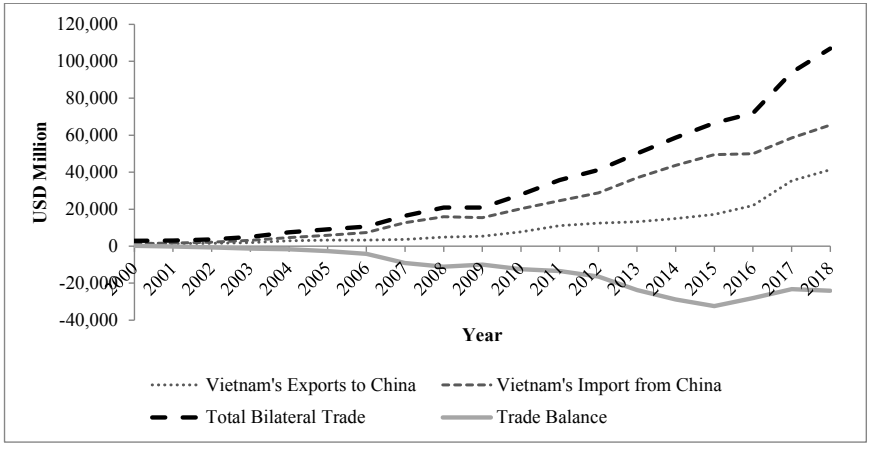
In the context of Globalization with Chinese characteristics, this section discusses China's economic engagement in Vietnam in terms of trade, investment, loans and project contracting over the period of 2000-2019 with a focus on the US-China trade war that began in early 2018. This section also discusses the stance, policies and strategies adopted by the Vietnamese government, as well as some of the domestic and external constraints faced

by the Vietnamese government in addressing the impact of Globalization with Chinese characteristics.

3.1. Trade

Since normalization, bilateral trade has remained an important aspect of the Vietnam-China economic cooperation. Since 2004, China is Vietnam's largest trading partner, while Vietnam is China's main trading partner in the ASEAN region. Based on Figure 1, from 2000-2008, Vietnam-China bilateral trade has steadily increased from USD2.9 billion to USD20.8 billion. During this period, Vietnam's exports to China increased from USD1.5 billion to USD4.9 billion, i.e. a threefold increase while imports from China to Vietnam showed an elevenfold increase from USD1.4 billion to USD16 billion. Although the world was hit by the global financial crisis in 2008, bilateral trade was not adversely affected where Vietnam's exports to China still showed a slight increase while China's imports to Vietnam showed a slight decline during the 2008-2009 period. In the post-2008 financial crisis period, bilateral trade has increased rapidly and there was a surge of bilateral trade starting from 2016 as the ASEAN-China Free Trade Agreement (ACFTA) has been fully enforced by newer ASEAN member states including Vietnam in 2015. This has partly contributed to the huge increase of bilateral trade from USD27.9 billion to USD106.9 billion from 2010-2018. During the period, Vietnam's exports to China increased from USD7.7 billion to USD41.4 billion, a fivefold increase

Figure 1 Vietnam's Trade in Goods with China, 2000-2018



Source: *Custom Handbook on International Merchandise Trade Statistics of Vietnam* (various years).

while China's imports to Vietnam showed a threefold increase from USD20.2 billion to USD65.5 billion.

Vietnam's huge dependence on imports from China has led to Vietnam's large trade deficit with China that increases from USD189 million in 2001 to USD32.4 billion in 2015. This huge trade deficit was contributed by the two-way trade structure where Vietnam's exports to China consist of low value-added products while China's exports to Vietnam consist of higher value-added products. In 2015, apart from product category of computer, electrical products, spare parts and components thereof, Vietnam's exports to China were dominated by agricultural products and natural resources such as yarn, fruits and vegetables, timber and timber products, wood and wood products, rice, crude oil and rubber. Meanwhile, China's exports to Vietnam consist of manufacturing products such as machine, equipment, tools and instruments; telephones, mobile phones and parts thereof; fabric; computers and electrical products; as well as metal and steel.

This huge trade deficit does not imply the end of Vietnamese government's power. Through the goverment's promotion of foreign investment in high-tech industries, Vietnam has managed to attract a number of multinational companies to set up manufacturing facilities as well as research and development (R&D) centres in Vietnam such as Samsung, Panasonic, Nokia, General Electric (GE), Hewlett-Packard (HP), IBM, Canon, Yamaha, Piaggio and Bosch. This has enabled the Vietnamese government to diversify and increase the exports of higher value-added products to China. In 2017, Vietnam's exports to China were dominated by high-tech products such as phones and mobile phones, computers and electrical products, as well as still images and video cameras, which accounted for 20.2 percent, 19.4 percent and 5.9 percent respectively of total Vietnamese exports to China (General Department of Vietnam Customs, 2017). In 2018, the exports of these three product categories continued to increase to 23.8 percent, 20.3 percent and 6.8 percent respectively of total Vietnamese exports to China (General Department of Vietnam Customs, 2018). This changing nature of trade structure has partly contributed to the reduction of Vietnam's trade deficit with China from USD32.4 billion in 2015 to USD24.2 billion in 2018.

While China remains a major trading partner and source of imports for Vietnam in 2018, Vietnam has been quite successful in diversifying its export markets led by the US, followed by the EU, China, ASEAN, Japan and South Korea each contributing 19.5 percent, 17.2 percent, 17.0 percent, 10.2 percent, 7.7 percent and 7.5 percent respectively of the overall Vietnam's export market. Of the five trading partners, Vietnam registered a trade surplus with the US and EU amounting to USD34.78 billion and USD28.1 billion respectively. Meanwhile, Vietnam suffered a trade deficit with South Korea

amounting to USD29.34 billion which is higher than its trade deficit with China, and registered a small trade deficit with ASEAN and Japan (General Department of Vietnam Customs, 2018).

To support sustainable economic growth while reducing its dependency on China's economy, Vietnam continues to deepen its international economic integration by signing bilateral and multilateral free trade agreements (FTAs) with various trade partners. As of July 2019, Vietnam has enforced 11 FTAs, signed one FTA (awaiting ratification), concluded negotiations of one FTA and are negotiating three FTAs. Since 2015 alone, Vietnam has enforced the FTA with the Republic of Korea and the Eurasian Economic Union, and the Comprehensive and Progressive for Trans-Pacific Partnership (CPTPP); signed FTAs with Hong Kong, China; concluded FTA negotiations with the European Union (EU); and is currently negotiating FTA with Israel.

Of all the above FTAs, the CPTPP enforced by Vietnam in 2019 is of significant importance. This is due to the fact that the 11-nation CPTPP has a large market size of 500 million people with combined GDP of USD13.5 trillion, contributing to 13 percent of global GDP. According to the Ministry of Planning and Investment (MPI), Vietnam's exports to CPTPP countries will grow by 4.04 percent by 2035 and reach USD80 billion by 2030, which is 25 percent of Vietnam's total exports (Vietnam Investment Review, 15 April 2019). Via CPTPP, Vietnam has enhanced its capability to relatively reduce its dependence on imports from China. This is due to the fact that CPTPP sets strict regulations for member countries to obtain tax-free access to the CPTPP member market. In the case of 'yarn forward' rule of origin, Vietnam is required to use yarns produced by TPP members thereby relatively reducing the import of yarns and textiles from China.

Though Vietnam has moderately diversified its trade markets and improved its trade structures with China, its ability to continue to reduce trade deficits with China is constrained by its industry structure which is labour-intensive with weak supporting industries. This situation has led Vietnam to increase its imports of intermediate goods from China which accounted for 58.5 percent of all Chinese imports to Vietnam from 2000-2015. As bilateral trade increases, Vietnam will find it difficult to continue to reduce its trade deficit with China.

In an era of global economic uncertainty driven by the US-China trade war, Vietnam's ability to diversify and strengthen its export market is hampered by the risk of being imposed higher tariffs by the US. This is because the trade war has been encouraging Chinese firms to reroute its export to Vietnam to be labelled as "Made in Vietnam" and re-exported to the US market to avoid increased US tariffs on Chinese imports. Given that Vietnam has a huge trade surplus with the US, this will likely encourage the US government to investigate the origin of the products from Vietnam.

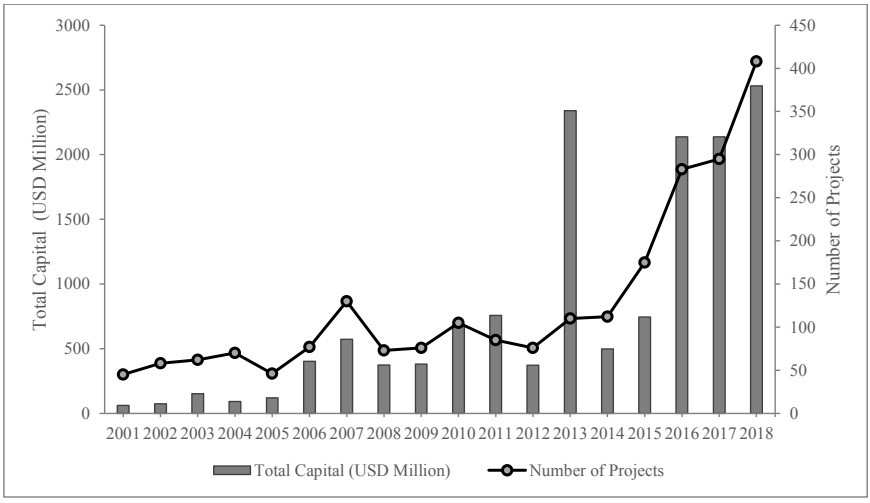
These developments have made it difficult for Vietnam to reduce its trade dependence on China.

3.2. Investments

While bilateral trade is a key pillar of economic cooperation, investment is increasingly becoming an important form of economic cooperation between Vietnam-China. Based on Figure 2, China's investment in Vietnam pre-2006 was small and insignificant, and it began to show a slow and unstable rise from 2006-2015. China's investment increased from USD401 million in 2006 to USD573 million in 2007 before declining to USD374 million (2008) and USD380 million (2009) due to the global financial crisis in 2008. However, China's investment rebounded to USD685 million (2010) and USD758 million (2011) before surging to USD2.3 billion in 2013. The surge was only temporary and unsustainable following China's investment in constructing a thermal power plant, Vinh Tan 1 worth USD2.11 billion (Nguyen, 2016). Since China launched the Belt and Road (BRI) initiative in 2013, China's investment in Vietnam started to deepen from USD744 million in 2015 to USD2.1 billion in 2016 and 2017 respectively. China's investment continued to grow to USD2.5 billion in 2018 after the outbreak of the US-China trade war.

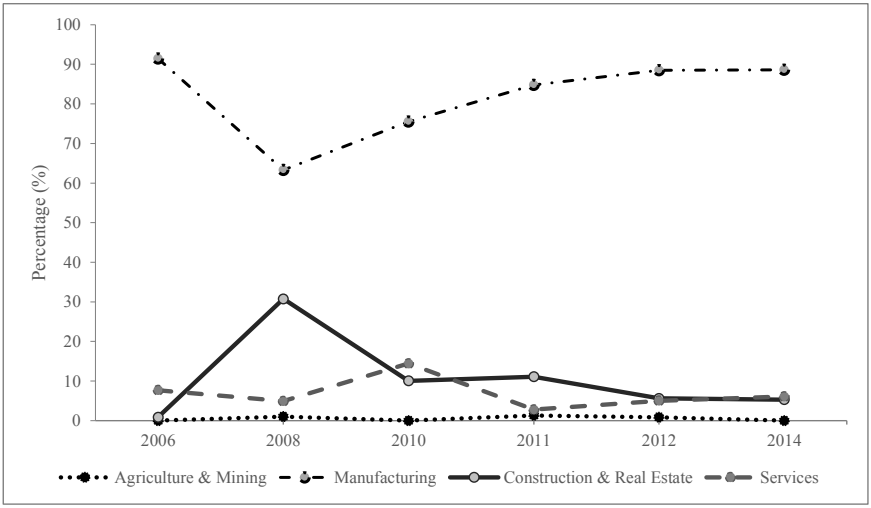
Based on Figure 3, the majority of China's investments from 2006-2014 were focused on the manufacturing sector with an average investment of 82 percent, followed by construction and real estate (10.6 percent) and services

Figure 2 China's Total New Registered Capital and Number of Projects in Vietnam, 2001-2018



Source: *Statistical Handbook of Vietnam* (various years).

Figure 3 Percentage of China's New Projects by Sectors in Vietnam, 2006-2014



Source: Central Institute of Economic Management (CIEM).

(6.8 percent) while investments in the agriculture and mining sectors were relatively small. In recent years, Chinese investments were concentrated in manufacturing, construction, large-scale processing and construction projects as well as projects in the energy sector. In terms of investment by industry, Table 1 shows that China's cumulative total investments from 2000-2017 were focussed on the manufacturing industry worth USD8 billion, followed by production and distribution of electricity, gas, steam and air conditioning (USD2 billion), real estate business (USD570 million), accommodation and catering services (USD547 million) and construction (USD250 million). In terms of project scale, China's average project investments have grown from USD1.4 million in 2001 to USD6.3 million in 2018. In terms of investment distribution, China's investments were spread across 54 provinces from 63 provinces and cities in Vietnam. As of April 2017, Binh Thuan was the main province that managed to attract the highest Chinese investments worth USD2.03 billion, followed by Tay Ninh (USD1.65 billion) and Bac Giang (USD958 million) (Ha 2019).

The deepening of China's investment in Vietnam has brought about several impacts including a tendency to cause environmental pollution. This is due to the fact that China's investments are focussed on potentially polluting industries such as textiles, footwear, fibre and the energy and mining industries. In the mining industry, since 2006, a joint venture has been formed by Vietnamese company VINACOMIN with Chinese company CHALCO to explore bauxite for aluminum processing in Central Highlands, Vietnam. This

Table 1 Cumulative Chinese FDI in Vietnam, 2000-2017

No.	Sector	Number of projects	Total investment capital (million USD)
1	Manufacturing	1151	7960.03
2	Production and distribution of electricity, gas, steam and air conditioning	3	2048.74
3	Real estate business	23	569.74
4	Accommodation and catering services	33	547.01
5	Construction	126	249.58
6	Transport and logistics	21	224.11
7	Mining	17	182.09
8	Wholesale and retail; repair of automobiles, motorcycles and other motor vehicles	241	162.20
9	Professional, scientific and technological activities	63	61.52
10	Information and communication	22	34.83
11	Agriculture, forestry, fisheries	13	33.33
12	Administrative and support services	33	29.51
13	Other services	4	24.49
14	Water supply, waste management and treatment	3	5.38
15	Health and social work activities	4	4.50
16	Arts and entertainment	4	4.21
17	Education and Training	2	1.31
18	Finance, banking and insurance	1	0.30
19	Employees for households	1	0.15
Total		1765	12143.05

Source: Foreign Investment Agency.

project raised widespread concerns about environmental pollution because mining activity would produce oxidized or red-sludge by-products that could pollute the supply of water and affect the agricultural industry, as well as the health and safety of the surrounding people (Marston, 2012). In 2016, the issue of pollution re-emerged when Chinese firm, Hung Nghiep Farmosa Ha Tinh Pte Ltd, disposed of the industry's toxic waste into the sea which resulted in losses of several lives and killed massive sea creatures (Ha, 2019).

In addition, increased Chinese investments in Vietnam have intensified competition between Chinese and Vietnamese companies in terms of market access. Since Vietnam joined the Trans-Pacific Partnership (TPP) negotiation in 2010, there has been an increasing trend of China's investment in Vietnam in projects involving industrial parks and garment factories to access the TPP market as China is not a member of the TPP (Nguyen, 2016). Although the TPP has been transformed into CPTPP following the US withdrawal in 2017, China continues to seek access to the CPTPP market through Vietnam, thus intensifying competition for domestic and export markets between Chinese companies and existing local companies that already lack resources. The competition is further intensified between Chinese and Vietnamese companies in terms of labour supply as China's investments are focussed on labour-intensive industries such as clothing and textiles and raw materials. In this respect, Chinese companies have the advantage to win the competition as they have the ability to offer higher wages to local workers since the monthly minimum wage in Vietnam is only around USD120-USD170, lower than Guangdong (USD315) and Shanghai (USD350) (*SCMP*, 18 November 2018).

To reduce reliance on Chinese capital and some of the negative impacts above, Vietnam has shown the ability to diversify its investment resources. From 2000-2018, China was never the top four investor in Vietnam except in 2013 and 2017. In 2018, China was only the fifth largest investor in Vietnam accounting for seven percent of total registered capital in 2018, while Japan was the leading investor followed by South Korea, Singapore and Hong Kong accounting for 24.6 percent, 20.1 percent, 14.4 percent and 8.9 percent respectively. This shows that China's investment amount is 3.5 times smaller than Japanese investment. In addition, the average investment per project for China is only USD6.2 million which is much smaller than Japan's USD20.3 million (GSO, 2019a).

In order to further diversify foreign investment, the Vietnamese government has been implementing economic reforms to improve the business climate. From 1992-2015, 4,484 SOEs were equitised which reduced the number of wholly state-owned companies from 12,000 in 1991 to 652 in 2015. From the privatization and divestment processes, the government generated USD3.35 billion in returns from 2011-2015. However, at the end of 2014, the total number of SOEs (both wholly and partially-owned) remained significant at 3,048 (Le, 2017a).

In the era of economic uncertainty driven by the US-China trade war, the momentum of economic reform has declined significantly. While overall returns from the privatization and divestment processes have increased to USD9.4 billion since 2016, the privatization and divestment processes reached only 27.5 percent and 21.7 percent of the targets respectively for the period of 2016-2020. In addition, as of July 2019, only 35 out of the 127

SOEs have been privatized while 88 out of the 405 SOEs have been divested amounting to USD392.06 million with a book value of USD206.57 million (*Hanoi Times*, 9 July 2019). This development indicate that the trade war has led the Vietnamese government to ignore radical economic reforms for long-term growth. Instead, emphasis was placed on strategies to maintain macro stability, stabilize the dong currency and sign more trade agreements to boost exports and maintain growth momentum.

Meanwhile, the Vietnamese government's ability to diversify its sources of capital is increasingly challenged during the trade war. This is due to the fact that the trade war has been encouraging relocation of manufacturing facilities of foreign companies including Chinese companies to Vietnam to avoid US tariffs on Chinese imports (Tuan, Trang and Tho, 2018). It is evident that in the first 10 months of 2019, China is the third largest investor in Vietnam with a total investment of USD2.6 billion behind South Korea (USD4.2 billion) and Japan (USD2.6 billion) (GSO, 2019b). In the same period, China's registered capital (excluding adjusted capital) has increased by 169 percent compared to the same period in 2018.

3.3. Loans

Although China's official development assistance (ODA) to Vietnam was significant in the period of revolutionary brotherhood from 1949-1975, ODA loans have been decreasing while the non-concessional loans have been increasing post-normalization. According to the Ministry of Planning and Investment (MPI) report in 2008, China only allocated a small amount of ODA to Vietnam from 1993-2008 amounting to USD358.9 million or 1.09 percent of the total ODA to Vietnam. Of these, concessional loans and grants contributed USD329.6 million and USD29.3 million respectively (Nguyen, Nguyen and Tran, 2013). Most of the grants were allocated for political projects such as the development of the National Political Institute of Ho Chi Minh, while most concessional loans were provided to upgrade Chinese projects developed in the 1950s and 1960s such as the Ha Bac Fertilizer Plant.

According to the MPI report in 2014, the allocation of China's ODA to Vietnam from 1993-2014 has increased to USD670 million consisting of USD620 million of loans and USD50 million of grants (CIEM, 2016). Deduced from these two MPI reports, the allocation of China's ODA to Vietnam from 2009-2014 was USD311.1 million consisting of USD290 million of loans and USD20.7 million of grants. This data shows that the grants and ODA loans from China to Vietnam have decreased during 2009-2014 compared to 1993-2008. However, this reduction in ODA loans is accompanied by an increase in commercial loans from China where Chinese projects in Vietnam began to be funded by a combination of ODA and

commercial loans from China such as preferential buyer's credit and export credits since 2007. These kind of financing are typically allocated to projects developed by Vietnamese state-owned enterprises (SOEs) in key sectors such as communications, road and bridge construction, and electricity generation. As of 2014, MPI estimates that total loans from China has reached USD20 billion (CIEM, 2016). From this estimation, non-concessional loans provided by China to Vietnam accounted for USD19.33 billion from 1993-2014.

Due to the lack of official data on China's financing overseas, the Boston Global Development Policy Center (GDPC) has published data on China's global energy finance provided by two Chinese policy banks, i.e. the Export-Import Bank of China (CHEXIM) and the China Development Bank (CDB). According to GDPC, China has allocated USD244.2 billion in global energy financing from 2000-2018. During the period, Vietnam was the fourth largest recipient of China's global energy financing worth USD9.3 billion with 14 projects, behind Russia (USD42.7 billion with six projects), Brazil (USD39.3 billion with nine projects) and Pakistan (USD19.8 billion with 16 projects). Of these 14 energy projects, nine were funded by CHEXIM totalling USD5.5 billion, four were funded by CDB (USD2.5 billion) and one was jointly funded by CHEXIM-CDB (USD1.4 billion) (GDPC, 2019). This source of financing indicates that a total of USD5.5 billion of loans from CHEXIM involves either concessional loans or non-concessional loans while USD2.5 billion of financing from CDB is entirely non-concessional loans. According to GDPC and MPI data, China's concessional loans in Vietnam are declining while China's non-concessional loans are increasing with the total loans estimated at USD23.3 billion from 1993-2018.

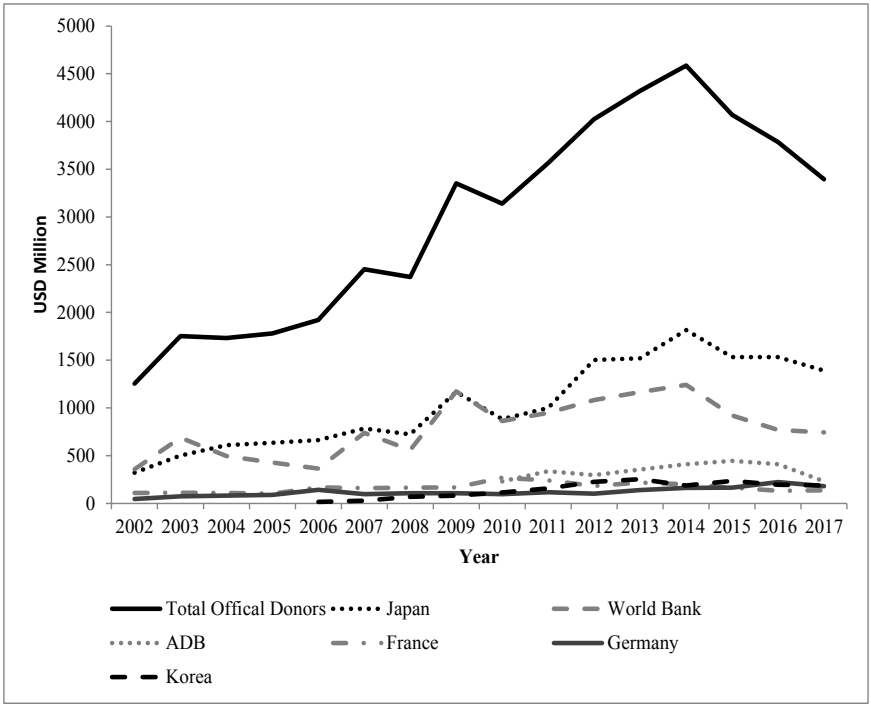
The increased application of China's loans has posed the risk of a debt trap to Vietnam. This concern, voiced by the MPI, was based on the following factors. First, interest rates of China's ODA loans are typically three percent per annum which are higher than Japan (0.4-1.2 percent), South Korea (0-2 percent) and India (1.75 percent). Second, China's loans are subject to a commitment fee and management fee of 0.5 percent respectively. Third, the loan and grace periods for China's loans are 15 years and five years respectively, which are shorter than other creditors. Thus, China's ODA and preferential loans are only suitable for projects that can generate direct income and have good payment capabilities. Lastly, China's projects tend to experience delays and are poor in terms of quality that ultimately results in increased costs (*Vietnam Express*, 16 August 2018).

Although Vietnam's application of China's non-concessional loans are increasing along with the risk of debt trap, it has not completely abolished the Vietnamese government's power to diversify sources of loans from various donors. From 2002-2017, Vietnam received a huge gross disbursement of ODA from various donors amounting to USD47.5 billion which is much

bigger than China's total loans (both ODA and non-concessional) to Vietnam amounting to USD23.3 billion from 1993-2018. Of the USD47.5 billion, most of the allocation was in the form of loans totalling USD34.51 billion followed by grants (USD12.83 billion) and equity investments (USD160 million). Based on Figure 4, from 2002-2017, Japan was the largest donor to Vietnam accounting for USD16.57 billion, followed by the World Bank (USD12.53 billion), Asian Development Bank (USD2.71 billion), France (USD2.62 billion), Germany (USD1.92 billion) and South Korea (USD1.77 billion). In terms of ODA loans alone from 2009-2014, Vietnam received only USD290.4 million from China which was much smaller than Japan (USD7.18 billion), World Bank (USD6.46 billion), Asian Development Bank (USD1.6 billion), South Korea (USD793 million) and France (USD956 million).

Apart from diversifying loan sources, Vietnam has also begun to adopt a cautious approach to borrowing from China. This was voiced by the MPI to the Prime Minister to reject China-funded projects due to poor track records. The MPI's call was followed by Quang Ninh province that refused China's

Figure 4 Gross Disbursement of ODA by Main Donors to Vietnam, 2002-2017



Source: OECD.Stat

loans amounting to USD300 million to finance the construction of Van Don-Mong Cai highway. The project will instead be developed in the form of public-private partnership (PPP) where 70 percent of the capital is funded by domestic investors and the rest is funded by the province. According to Nguyen Duc Long, Chairman of the Quang Ninh Provincial Committee, there are four reasons why China's loans are rejected, i.e. the amount of China's loans is smaller than the estimated total project cost of USD800 million; the conditions attached to the loans; the need to complete the project within a specified period; and the ability of Vietnamese investors to execute the project themselves (*Vietnamnet*, 9 August 2016).

The same approach has been adopted by Hanoi on China's BRI projects and loans. Although Vietnam has provided diplomatic support to the BRI and the Asian Infrastructure Investment Bank (AIIB), the memorandum of understanding (MoU) negotiations between Vietnam and China to promote BRI and Vietnam-proposed 'Two Corridors, One Belt' (TCOB) initiative were only concluded in two years (Le, 2018). This long process of negotiations indicates that both countries have some disagreements about contents to be prioritized for both initiatives. The emphasis on the relationship between these two initiatives also shows that TCOB is a separate plan from BRI. This means Vietnam does not agree with TCOB being labelled as a BRI project and tends to maintain control over TCOB. Vietnam's cautious attitude towards the BRI has led to almost no new China's BRI projects or loans in Vietnam despite being two neighbouring countries.

While Vietnam has shown the ability to diversify its sources of loans and the will to stop borrowing from China, the Vietnamese government has been constrained by financial challenges including budget constraints, difficulties in promoting PPP projects and reduction in ODA inflows from major donors such as the World Bank, ADB, France and Australia. This situation is worsening due to increasing Vietnam's demand for infrastructure investment estimated at USD605 billion from 2016-2040. Specifically, electricity and road sectors account for 43.8 percent and 22.1 percent of this need respectively (Le 2018). Given the huge gap between current investment trends and investment needs at USD102 billion, Vietnam needs a massive amount of loans to finance its infrastructure including those from China. This situation has prompted local investors to continue working with Chinese partners to bid on government procurement despite pressure from MPI to refrain from using China's loans. This was reflected in a joint venture between local export-import company, Geleximco and China's company, Sunshine Kaidi New Energy Group that submitted a proposal to develop Long Thanh International Airport near Ho Chi Minh City in the form of a public-private partnership (PPP) (*Nikkei Asian Review*, 2017).

3.4. Project Contracting

The participation of China's companies in project contracting in Vietnam is a dominant form of economic interaction between the two countries. According to Le (2017b), Vietnam is Chinese engineering companies' largest market in Southeast Asia at the end of 2009. The Chinese companies dominated 90 percent of engineering, procurement and construction (EPC) contracts for thermal energy projects in Vietnam. According to the Central Institute for Economic Management (2016), from 2002-2013 the number of EPC contracts awarded to Chinese companies was 28 out of 118 bidding packages that accounted for 24 percent of the total project and 48 percent of the overall project value. Although these data indicate that Chinese companies' participation in Vietnam's project contracting is less dominant, it is high in three sectors, i.e. thermoelectric (70.6 percent), minerals (87.5 percent) and chemicals (60 percent). For these projects, the Chinese company allocated 31 percent of total funding for the EPC packages.

In terms of project value worth USD100 million and above, Table 2 shows that most of the project contracts awarded to Chinese companies from 2005-2018 were in the energy sector amounting to USD11.8 billion. Only small shares of the project contracts awarded to Chinese companies were in other sectors such as the metal sector accounting for USD3.2 billion, followed by transportation (USD2.4 billion), chemicals (USD1.3 billion) and real estate (USD480 million).

Table 2 EPC Contracts Awarded to Chinese Companies by Sectors in Vietnam (contract value of USD100 million and above)

Year/Sector	Energy	Chemicals	Transport	Metals	Real Estate
2006	330	430			
2008		900	160	460	
2009	1,380		1,310		
2010	3,400		170	340	
2011	2,900		180		140
2012	100		200	2,290	
2013	870		140		
2015			260		
2017	810				340
2018	2,020			100	
Total	11,810	1,330	2,420	3,190	480

Source: The American Enterprise Institute.

The dominance of Chinese firms in Vietnam's project contracting has brought about some impacts including poor performance of Chinese projects. It is widely reported that Chinese projects are replete with many problems such as delays, low quality and increased costs. One of the most widely criticized Chinese projects has been the Cat Linh-Ha Dong Urban Rail project which costs USD552 million initially, of which USD419 million was loaned from China. The project was expected to begin in 2008 and completed in 2013 but several delays rendered the construction to start only in 2010 and it has yet to commence commercial operations in April 2019 (*dtinews*, 30 April 2019). The delays caused the cost of the project to balloon to USD868 million in which China's loans had increased to USD670 (*Nikkei Asian Review*, 2017). Among other Chinese projects that also experienced similar problems were My Dinh National Stadium, Hanoi which costs USD69 million; expansion of steel complex in Thai Nguyen (USD360 million); metal and steel mills in Lao Cai (USD264 million); and aluminum-bauxite projects in the Central Highlands (USD1.4 billion).

In addition, the dominance of Chinese companies has also contributed to Vietnam having a huge trade deficit with China. Similar to other foreign contractors in Vietnam, Chinese companies are used to import services, machines and equipment from its home country in order to save costs. Besides, this practice has been reinforced by China's loan provision that requires Vietnam to not only employ Chinese contractors but also to import services, machines and equipment from China. This situation has increased Vietnam's imports of machinery, equipment, tools and instruments from China from USD5.2 billion in 2011 to USD11.6 billion in 2018, an increase of 123 percent. As a major product imported from China, it maintained Vietnam's large trade deficit with China worth USD24 billion in 2018 despite a reduction trend in trade deficit since 2015.

As Chinese engineering companies tend to employ a large number of imported Chinese workers, it has contributed to the increased presence of Chinese workers in Vietnam. According to the Ministry of Labour, Invalids and Social Affairs (MoLISA), from 2004-2015, the number of foreign workers in Vietnam has increased from 12,600 to more than 83,500. In 2015, Chinese workers make up 30.9 percent of foreign workers with 25,700 people, followed by South Korea (15,000), Taiwan (10,700) and Japan (7,900) (*Vietnamnet*, 21 June 2017). However, the number of Chinese workers does not reflect the real situation as most Chinese firms that dominate the EPC contracts in Vietnam tend to bring in illegal workers from China. According to Nguyen (2014), at nine major construction sites developed by Chinese firms, only 22.7 percent of the total 15,913 Chinese workers are legitimate and registered workers. Hence, the actual number of Chinese workers in Vietnam is likely to be much larger than official figures, thereby reducing employment

opportunities to local workers particularly in the construction sector. However, once the construction project is completed, management and administration of the project is handed over to local workers while Chinese workers largely shifted to other construction projects.

To mitigate the negative impact of Chinese companies' dominance over project contracting in Vietnam, the Vietnamese government has played an active role in the drafting of the new law on tendering, i.e. Law 43, enacted in 2014. The new law introduced several significant improvements compared to the previous law on tendering and law on construction. In terms of contractor's direct appointments, the possibility of foreign donors to designate the appointment of the contractor directly has been removed. Procedures and conditions for direct appointments are also more detailed and governed more closely than the previous law.

In terms of contractor's evaluation criteria, various methods are used to evaluate bidding proposals subjected to the project's scope, complexity, technical and financial requirements. For a non-consultation package, evaluations are implemented either through the lowest bid price method, lowest evaluated price method or the combined price and technical method. For a consultation package, evaluations are implemented either through the least cost selection method, fixed budget selection method, quality and cost-based selection method or quality-based selection method (*Financier Worldwide*, October 2014). These improvements marked a significant shift of proposal evaluation criteria from the lowest cost method to a method that balances between cost and quality.

Although a new law on tendering had been enacted, Vietnam faces challenges in terms of implementation. According to MPI, Vietnamese investors have yet to implement technical barriers in line with the new law on tendering to select qualified contractors. In addition to the above factor, there are several other factors that drive the use of Chinese contractors despite their poor performance records. First, budget allocations for projects in Vietnam are small which lead to other foreign companies using advanced and high-cost technology and equipment failing in the bidding process (*dtinews*, 21 November 2018). This situation opens up opportunities for Chinese companies which are also interested in bidding for small-scale projects. Second, the use of Chinese contractors is a prerequisite for Vietnam to receive China's concessional loans and preferential export credit. Third, Chinese companies are appointed without open tender for several power plant projects that require immediate construction. Fourth, Chinese companies are able to bid for the projects at the lowest price thereby exploiting the weakness of the previous law on tendering that emphasizes low prices rather than other technical factors. This is possible because Chinese companies receive support from the Chinese government especially in terms of access to preferential loans.

After being awarded the contracts, they tend to persuade the project owner to change or ignore the original terms of the contract in order to save costs.

4. Conclusion

Based on the three research questions, this article has three findings. First, the deepening of China's economic engagement in Vietnam in terms of trade, investment, loans and project contracting has brought about several adverse impacts such as huge trade deficits, environmental pollution, intense competition between Chinese and Vietnamese companies in terms of market and labour supply, risk of debt traps, poor project performance and the influx of Chinese workers in Vietnam. Second, the Vietnamese government has been proactive in reducing these adverse impacts by diversifying market, investment and loan sources, improving trade structure and business climate via economic reforms, adopting a cautious approach to China's loans and upgrading law on tendering. Third, relative autonomy of the Vietnamese government in reducing deepened China's economic engagement and its adverse impacts is constrained by a number of internal and external factors. The internal factors include labour-intensive industry structure, budget constraints, difficulties in promoting PPP projects, increased demand for infrastructure investment and weaknesses in the implementation of law on tendering. External factors include a reduction in ODA flows from major donors and the US-China trade war that threatened the Vietnamese export market and induced inflows of Chinese investors into Vietnam to avoid US tariffs on Chinese imports.

These findings indicate that Globalization with Chinese characteristics or Oriental Globalization 2.0 currently led by China do not lead to the demise of Vietnamese government's power. Instead, the Vietnamese government has taken a proactive stance to defend its autonomy by implementing various policies and strategies to manage the adverse impacts of globalization. These developments indicate that globalization has transformed or restructured the power of Vietnamese government which is in line with the thesis argued by transformationalists in the theory of globalization.

Notes

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Private Sector Development: A Comparative Study of China and Vietnam

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Abstract

China and Vietnam have achieved remarkable economic growth since the reforms and opening of their economies (China with its economic reform and opening in 1978 and Vietnam with its economic renovation in 1986). Through the reform process, until now, the two countries have achieved remarkable achievements in economic growth. It is thus necessary to mention the role and contribution of the private sector in each economy. This article aims to analyze and compare the Chinese and Vietnamese policies toward the private sector and roles played by this sector in each economy since these two countries conducted reform and opened their economy until the present. From this comparison, we hope to find out the implications for Vietnam in developing the private sector. The findings of this paper are: (1) in general, China and Vietnam were similar in directions and policy toward private sector development since their launching of economic reform and renovation, respectively, (2) the private sector has contributed to the development of each economy, (3) the contribution of the private sector to the economy in China is much more than the case of Vietnam, especially in export, R&D and transformation of industrial structure.

Keywords: *private sector, development, role*

1. Introduction

China and Vietnam have achieved remarkable economic growth since their reforms and opening of their economies (China with economic reform and opening in 1978 and Vietnam with economic renovation in 1986). The two countries economy was undeveloped when they started lauching economic reforms and renovation. Through the reform process, until now, the two countries have achieved remarkable achievements in economic growth. China has surpassed Japan to become the second largest economy in the world since

2010, with an average per capita income of USD9,976 in 2018. Vietnam is also becoming a highly dynamic and open economy with an average current income of about USD2,566 (World Bank, 2019). It is thus necessary to mention the role and contribution of the private sector in each economy. The change in perception of private sector development and policy changes has spurred this economic sector to develop and promote its active role in the economic growth of Vietnam and China. Both countries went from prohibition and restriction of the private sector before the reform and renovation period to legal recognition since the reform and renovation period.

The amendment of China's Constitution in 1982 recognized the private sector as an additional component of the socialist economy. Similarly, Vietnam implemented this in 1990 with the promulgation of the Corporate Law and 1992 Constitution enactment of ownership rights and freedom to do business officially for the first time. So far, along with the economic reform process, the two countries have issued more policies to create favourable conditions for the private sector to develop, promoting their important role in the economic development of each country. This article aims to analyze and compare China's and Vietnam's policies toward the private sector and its role in each country's economy since the reform and opening of their economy to the present.

2. Changing Directions and Policies toward Development of the Private Sector in China and Vietnam

2.1. China

China's 40 years of opening and reform is also associated with 40 years of private sector reform and development. The private sector has gone through periods of ups and downs to gain a strong position in China's national economy at present. From the period of complete prohibition to restricted development, the private sector is then encouraged to develop and become an "important component" of the current Chinese economy. China's private sector has grown steadily, increasingly playing a role in creating jobs for labour, promoting creativity, expanding the scale of goods exports, and improving the standard of living for people in the country.

2.1.1. First Period: Starting from 1978 to 1991

The unitary regime of the state-owned economy from the 1950s to 1978 was quickly demolished after the Chinese opening and reform. In 1978, after the ideological liberation movement, the focus of the 3rd Session of the Chinese Communist Party's 11th Congress was the decision to move China to the

stage of socialist modernization. The individual economy was considered as an indispensable and beneficial addition to the state economy.

In 1980, the Chinese Communist Party Central Committee issued a policy of "encouraging and supporting the proper development of the private sector" at the National Labor and Employment Conference. In related documents, the State Council also pointed out the need to allow and promote competition among economic sectors. The reports of the 12th and 13th Chinese Communist Party Congress both showed encouragement to the development of the individual economy.

The 13th Congress of the Chinese Communist Party pointed out that the structure of the first stage of socialism should be based on public ownership, but it should encourage the development of the private sector. A certain development of the private sector is conducive to promoting production, stimulating the market, expanding employment, and better meeting people's needs in many ways. *It is a necessary and useful addition to the public sector of the economy* (People's Publishing House, Beijing, 1993). It is the first time that the Chinese Communist Party has affirmed that the private sector is a part of the structure of the Chinese economy in the first stage of a socialist regime, and the additional position of the private sector for socioeconomic development was very important. China should introduce a policy to encourage the development of this economic form.

2.1.2. Second Period: Official Development of the Chinese Private Sector (1992 to 2001)

Since 1992, the Chinese private sector was officially developed. The highlight was Deng Xiaoping's famous "Southern Talk" when he visited Wuhan, Shenzhen, Zhuhai and Shanghai provinces. The content of the speech focused on promoting the process of private sector reform. In the same year, the 14th Chinese Communist Party Congress identified the establishment of a socialist market economy institution as a target for reforming China's economic system whereby "the state economy is the main, other economic forms together develop" as the basic motto for the development of the socialist economy of Chinese characteristics in the first phase. In 1993, the State Administration for Industry and Commerce issued "opinions to promote the development of the private sector", offering measures to encourage the development of the private sector from aspects such as registration, market access, equalizations and business expansion. In 1997, in the 15th Congress of the Chinese Communist Party Report, *for the first time, the non-public sector was considered as one component among China's basic economic sectors*. In 1999, the second session of the 9th People's Congress adopted the constitutional amendment, confirming for the first time that the non-public sector is an important part

of the socialist market economy. Thus, the private sector was upgraded to an important part of the socialist market economy. These adjustments have brought great momentum to the development of the Chinese private sector (People's Publishing House, Beijing, 2000).

2.1.3. Third Period: Promoting and Developing the Private Sector (2002 to the Present)

In late 2001, China joined the World Trade Organization (WTO), and the private sector reform underwent a new chapter. In 2002, the Report of the 16th National Congress of the Chinese Communist Party for the first time *declared the need to encourage, support and guide the common development of the non-public economy*; at the same time, China proposed to implement equal protection of ownership, forming an equal competition for all economic sectors. The revised Constitution of the Chinese Communist Party, adopted in the same year, eliminated obstacles for private entrepreneurs to join the Communist Party. In 2003, the "Decision of the Central Committee of the Chinese Communist Party on number of issues related to improving the social market economic system" was adopted in the 3rd Plenary Session of the 16th National Congress of Chinese Communist Party, providing policies and measures to encourage the development of the private sector, such as law amendments, market relaxation and equal treatment.

Policies and regulations such as "36 Measures to Promote the Non-public Economy", "Law on Corporate Income Tax" and "Property Law" have been strongly introduced. Policies and legal systems to promote the development of the non-public economy has been increasingly improved. The "36 measures" policy has promoted seven aspects which includes easing market access, strengthening financial support and taxes, improving social services, protecting rights and interests, solutions to improve the quality of businesses, improving the monitoring system and strengthening policy coordination. In 2007, the 5th Session of the 10th National People's Congress adopted the "Property Law of the People's Republic of China" and "The Law on the Enterprise Income Tax of the People's Republic of China" to protect the healthy development of the private sector from two angles: equal protection of public and private property, and equal treatment of domestic enterprises and foreign-invested enterprises. In the same year, the Report of the 17th Chinese Communist Party Congress indicated that "institutional barriers need to be broken" and "promoting the development of individual businesses and small and medium-sized enterprises". During this period, the main feature of the process of private sector reform is "continuing to encourage, support and guide". The purpose of these policies is to improve confidence in private sector development, attract talents at home and abroad, promote

the internationalization process of private enterprises, and eliminate unequal treatment toward the private sector.

After the financial crisis in 2008, global economic growth slowed. The sharp decline in international market demand, fluctuations in commodity prices, and rising production costs have greatly influenced the development of the Chinese private sector. The public debt crisis in Europe is getting worse. Trade protectionism has also thus increased and spread, unemployment and inflation remained high, creating obstacles for the recovery of the global economy. Chinese private enterprises are facing an urgent need for a change in growth dynamics in order to create an upgrade in the development process.

The 18th National Congress of the Chinese Communist Party marked a breakthrough in the market access of private enterprises. The Congress report pointed out "the need to encourage, support and guide the development of the non-public economy, ensuring that all forms of economic ownership have equal access to production factors, participating in fair market competition and being protected by the same law" (Xinhua, 2012). In particular, the Chinese Communist Party's 18th Congress Resolution has pointed out: "*The public economy and non-public economy are all important components of the socialist market economy, an important foundation for the socio-economic development of China*".

"The decision of the Chinese Communist Party Central Committee on profoundly comprehensive reforms of some major issues" was adopted in the 3rd Plenary Session of the Central Committee, stating that the State protects all forms of economic ownership and legal rights. This decision proposes to maintain equal rights, opportunities and rules, abolish unreasonable regulations of different forms for non-public economy, remove barriers, and introduce specific measures for non-public enterprises to participate in franchising. The highlight of this decision is to encourage the development of mixed ownership between the state-owned economy and the private-owned economy, as this benefits the expansion of state capital, adding to the strengths of each economy. These adjustments and emphasis are important for the development and significant improvement in the status of the private sector. Besides, it also has great significance in solving institutional constraints that the private sector is facing (Xinhua, 2017a).

On September 24, 2015, the State Council of China issued "Opinions on Developing a Mixed-ownership Economy for SOEs" to develop measures to support the development of a mixed ownership economy in SOEs. It is considered as an incentive for private enterprises to participate in SOE's reform. In this reform process, the private sector is allowed to be involved in industries that it has been restricted to in the past.

Continuing to deepen the reform of the private sector, the report of the 19th Congress of the Chinese Communist Party pointed out that socialism

with Chinese characteristics has entered a new era. The report proposes a series of new theories, introducing a new big discussion about the healthy development of the non-public economy while continuing to encourage, support and guide the development of the private sector in the new era. The report provided directions on supporting the development of private enterprises and implementing a series of major deployments in market access, property rights and trading systems. These have driven the sustainable and healthy development of the private sector, strengthened confidence in the development of private businesses and marked the development of China's private sector in the new historical chapter. In this period, the main characteristics of private economic reform are "connecting", "easing" and "reducing burden". The goal of most of these policies is to enable high-quality development of private businesses in the new era.

On November 20, 2017, the Ministry of Industry and Information Technology, the National Development and Reform Commission, the China Securities Regulatory Commission and 16 other departments jointly issued the "opinions for guidance on promoting the full role of private investment in promoting the implementation of a strong private production strategy" in recent years. In particular, it emphasizes five measures: improving the supply system, improving the public service system, improving the talent incentive system, improving the management level of enterprises and increasing support in financial aid and taxes. Besides, this guidance also provides innovative financial support methods to improve the level of service of private businesses in a comprehensive way, such as promoting the formation of a competitive market environment, and the sustainable and healthy development of private enterprises (Gao, 2018).

In particular, on November 1, 2018, Xi Jinping chaired a symposium to encourage and support the development of the private sector. In this symposium, he affirmed that China has not changed its policy of encouraging, supporting and guiding the development of non-public economy, and is committed to creating a good environment and providing more for the development of the non-public economy. Xi also stressed that the public and private sector should complement each other instead of being mutually exclusive. *The private sector is an important achievement and force in the development of the socialist market economy*. Xi proposed six tasks that the government needed to implement, encourage and support the development of private enterprises. These tasks include reducing the burden of taxes and enterprise fees; expanding access to financial markets and establishing policy relief funds; creating a level playing field; strengthening policy coordination and developing relevant support measures; strengthening local government support with businesses; protecting the personal safety and property of enterprises (*Zhongguo Keji*, 2018).

With the proposed measures, China is making efforts to improve the development of the private sector, making it possible to expand to the international market, enhance innovation and competitiveness core and form bigger companies with global competitiveness.

2.2. Vietnam

Similar to China, Vietnamese private sector development is also closely linked to the country's economic reform process and marked by each National Party Congress (from the 6th to 12th National Congress of the Communist Party of Vietnam).

At the 6th National Congress of the Communist Party (1986), Vietnam officially acknowledged the existence of the private sector. Before 1986, the main form of ownership in the Vietnamese economy was the state and collective sectors. The private sector existed in the economy in the form of individual enterprises. Nevertheless, since it was not officially recognized by the government, the private sector was mainly in the form of the household economy without legal entities and operated primarily in the "informal market".

In 1986, when Vietnam entered the era of economic renovation, the multi economic sectors were officially recognized in the Vietnamese Communist Party document. Economic sectors include state-owned economy, collective economy, small-scale commodity economy, private capitalist economy, state capitalist economy, and natural self-sufficiency economy of ethnic minority community (Luong and Vu, 2011). In the document of the 6th National Congress of the Vietnamese Communist Party, the existence and operation of non-socialist economic sectors were recognized by the Vietnamese Communist Party under the direction and guidance of the socialist economic sector.

The "multi-sectors economic policy" continued to be consistently implemented by the 6th Politburo and the 6th Plenum's Resolution affirmed in Resolution No. 16-NQ/TW on July 15, 1988. On April 5, 1988, the 6th Politburo issued Resolution No. 10-NQ/TW which showed an important first step for the development of the Vietnamese private sector and paving the way for breakthroughs later on (Nguyen and Pham, 2017).

The Law on Foreign Investment was enacted and took effect on January 1, 1988, creating conditions for a new economic sector to appear, i.e. the foreign-investment sector. In December 1990, Vietnam promulgated the Law on Enterprises and the Enterprise Law to allow the private sector to establish large enterprises.

The 7th Vietnam Communist Party Congress advocated the development of a "multi-sector commodity economy" following socialist orientation, including state-owned economy, collective economy and private sector.

The documents of the 7th National VCP Congress has affirmed: the private sector shall develop especially in the field of production according to the management and guidance of the State and everyone is free to do business according to the law with the protection of ownership and legal income (Dang Cong san Vietnam, 1991: 67). The State continues to encourage the private sector to develop without limits on the scale and location of development in sectors that are not prohibited by law. During this time, Vietnam promulgated the Law on Domestic Investment (1994) to attract more investment capital for economic development.

The documents of the 8th VCP National Congress (June 1996) expressed that the government encouraged all domestic and foreign enterprises and individuals to exploit the potentials and to invest and develop; providing equal treatment to all economic sectors before the law regardless of ownership and form of business organization, creating favourable economic and legal conditions for private businesses to concentrate on their work for the long term (Dang Cong san Vietnam, 1996: 95-97).

From 1986 to 1998, the Vietnam Communist Party's thought and perception toward the private sector had a significant development. Nevertheless, the policies and laws related to this economic sector were still inadequate. In response to that requirement, the Enterprise Law was established in 2000 to eliminate legal discrimination for private enterprises in Vietnam, replacing a series of laws that had existed before with more comprehensive and focused content. In order to facilitate the implementation of the Enterprise Law in 2000, a series of guiding and supporting documents were issued, revolving around issues such as: improving the efficiency and competitiveness of enterprises, abolishing a number of business licences, guiding the implementation of several articles of the Enterprise Law and so on. These legal documents contributed to the creation of a relatively open legal environment for the development of the private sector.

Up to the 9th Party's Congress (2001), the Vietnam Communist Party continued to have new, more complete awareness when affirming the implementation of a multi-component economic policy. In addition to asserting the key role of the state economic sector, the private sector is more important and indispensable in the national economy. Especially, at the 5th Plenum of the 9th Party Central Committee, for the first time, the Party had its Resolution on the private sector. Accordingly, Resolution of the 5th Plenum, Session 9th advocated: continue to renovate mechanisms, policies, encourage and facilitate private economic development, identify "*private sector is an important component of the national economy*". The most notable new point of the Resolution is the policy that: "Party members who own private businesses abide by the Party Charter, and laws and policies of the State are still Party members" (Nguyen and Pham, 2017).

In 2005, the revised Enterprise Law was passed by the National Assembly, making significant progress compared to the Enterprise Law in 2000. The Enterprise Law in 2005 provided regulations for the establishment, management and operation of limited companies, joint-stock companies, partnerships and private enterprises of all economic sectors; regulations on a group of companies with objects of application are enterprises of all economic sectors; organizations and individuals related to the establishment, management and operation of enterprises. The Enterprise Law in 2005 provided a consistent legal framework for enterprises, ending discrimination against businesses by economic sector, and contributed to establishing a fair and equal business environment. Since then, all economic sectors are completely equal before the law.

The 10th National Party Congress (2006) made a breakthrough in the perception of the private sector: "*The private sector plays an important role and is one of the driving forces of the economy*". The new point of this Congress was to acknowledge that "*the private sector is an important driver of the economy*". It is the first time that the private sector has been formally identified as an economic component, encouraged to develop, thus enabling the economy to be more harmonious.

The 11th National Party Congress (2011) was determined to complete mechanisms and policies to strongly develop the private sector to become one of the important driving forces of the economy. For the first time, the Communist Party of Vietnam introduced a policy of "facilitating the formation of several private economic corporations" along with state economic corporations. It is an expectation on the development of Vietnam's private sector and demonstrates the policy of creating an equal environment among the economic sectors of the Communist Party of Vietnam.

To institutionalize the above points of view and policies, the State has issued laws and guiding documents, such as the Law on Natural Resource Tax in 2009, Law on Amendment of Intellectual Property in 2009, Law on State Bank of Vietnam in 2010, Law on Credit Organizations in 2010, and Law on Commercial Arbitration in 2010. Specifically, the Law on Enterprises in 2014 and Investment Law in 2014 are the important impetus that positively impacts the development of the private sector. The Law on Enterprises in 2014 had many significant innovations, especially for the private sector in the spirit of facilitating the development of business freedom, creating a favourable business and investment environment in line with the globalization trend, producing a clear roadmap to promote many newly established businesses. This law shortens the time for registration of enterprise establishment, reforms administrative procedure, seal reform, gives good protection of investors' interests, and ease of corporate restructuring. One of the important issues of the Enterprise Law in 2014 is to abolish the content of legal capital and

professional practice certificates – this breakthrough step has realized the freedom of doing business in all industries and trades that are not prohibited by law in the Constitution in 2013. In another way, the Enterprise Law in 2014 has brought fairness and business opportunities to various industries, significantly reducing trade and legal risks, reducing transaction costs, increasing safety and proactively and creatively provide an environment for business, and facilitating enterprises to take full advantage of their potential and business opportunities to develop.

The 12th National Party Congress (2016) had affirmed more strongly and decisively when considering the private sector as an *important driving force of the economy*, stressed the urgent need "to complete policies to support small and medium enterprises, and start-up enterprises; encouraging the formation of private and multi-owned private economic corporations to contribute capital to state-owned economic corporations". The 12th National Party Congress has opened new opportunities for this economic sector to continue to prosper.

On June 3, 2017, the Resolution of the 5th Plenum of the 12th Party Central Committee *on developing private sector to become an important driving force of the socialist-oriented market economy* was issued, with a general goal to developing a healthy, efficient, sustainable private sector to become an important driving force of the socialist-oriented market economy (Dang Cong san Vietnam, 2017: 88). The Resolution has set out specific objectives on the index of private economic development, offering key solutions such as: unifying awareness, ideology and action in implementing guidelines and policies on private economic development; creating favourable investment and business environment for private economic development; supporting private economic innovation, technology modernization, and human resources development, labour productivity improvement; improving the effectiveness and efficiency of state management; renewing the content, methods and strengthening the Party's leadership; enhancing the role of the Vietnam Fatherland Front and political-social, social-professional organizations for the private sector.

It can be said that there have been fundamental changes in the opinions, orientations and policies for the private economic development of China and Vietnam in recent years. In China, phases of private economic development are more obvious than Vietnam, which are reflected in three major periods, including from 1978 to 1991, from Deng Xiaoping's Southern Tour to 2001, and after China joined the WTO. These are important milestones for the completion of China's socialist market economy as well as China's private economic development. However, the similarities between the two countries are the orientations and policies of private economic development, which have been changed markedly through each period of the National Communist Party Congress of each country.

3. Comparison of Private Sector Role in China (Important Component) and Vietnam (Important Driver)

3.1. China

The number of private enterprises has increased rapidly since the economic reform and opening. After 40 years of reform, especially since the beginning of the 21st Century, the number of private enterprises in China has increased, especially the emergence of large enterprises (see Table 1).

The competitiveness of the private sector in the domestic and foreign markets has been increasing. In the domestic market, only three of the top 500 private enterprises in China had a revenue exceeding 100 billion Yuan in 2010. Then, by 2017, there were six private businesses with revenue exceeding 300 billion Yuan, of which the Huawei Group achieved sales of more than 500 billion Yuan (Renmin, 2017). In 2015, the revenue of 500 leading Chinese private enterprises reached 9,509 billion Yuan and it was 12,052 billion Yuan in 2017 (Hua, 2017). At the global level, in 2014, the first private enterprise in China was listed in the Top 500 largest enterprises in the world (Fortune Global 500); by 2017, this number has increased to 24 enterprises, accounting for 20% of total Chinese enterprises which was listed in this list (Huang, 2017).

3.2. Vietnam

The Vietnamese private sector is being recognized as an important driver of the economy. The role of private enterprises is becoming more important in the context of reform and integration. Since the economic renovation in 1986, the private sector has developed rapidly, especially in terms of the number of enterprises (see Table 2).

Due to the policy which promotes the equalization of state-owned enterprises, the number of state-owned enterprises has decreased significantly in quantity and proportion in the total number of Vietnamese enterprises. The proportion of SOEs accounted for slightly over 1% in 2011 and decreased to 0.47% in 2016. However, the number of private enterprises always accounted for a higher proportion and has a rapid growth rate over the years from more than 325,000 enterprises in 2011 to more than 500,000 enterprises in 2016.

3.3. Contribution to GDP

3.3.1. China

The contribution of the private sector in China's GDP is growing. During the 40 years of opening and reform, social assets created by private businesses

Table 1 China: Number of Private Enterprises from 2006-2018 (Unit: 1,000)

Enterprise type	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
SOEs	120.0	128.6	114.0	119.0	153.8	156.3	159.6	95.4	130.2	133.6	132.3	133.2	242.0
Private enterprises	4,950	5,513	3,596	3,682	4,684	5,255	5,918	5,455	7,266	8,656	12,537	27,263	31,053
FDI enterprises	86.4	119.3	186.0	213.9	217.2	124.1	130.9	88.42	119.8	122.2	122.3	137.0	197.5

Source: Wang and Yang (2018) and China Yearly Statistics, available at <http://www.stats.gov.cn>.

Table 2 Vietnam: Number of Private Enterprises from 2011-2016

	2011		2014		2016	
Ownership type	Number	Proportion (%)	Number	Proportion (%)	Number	Proportion (%)
State-owned enterprises	3,326	1.02	2,977	0.72	2,505	0.49
Private enterprises	313,213	96.26	401,489	96.59	491,475	96.77
Foreign-invested enterprises	8,828	2.71	11,180	2.69	13,892	2.74
Total	325,367	100.0	415,646	100.0	507,872	100.0

Source: Nguyen (2019).

have grown rapidly. In 1989, the contribution of the private sector to GDP was only about 3.86% (Zhou and Xie, 2008: 34) then increased to over 50% in 2017 (Renmin, 2018). In particular, in provinces such as Henan, Zhejiang, Liaoning, Hebei and Fujian, the GDP contribution of the private sector was approximately 70%. Besides, the role of the private sector in promoting economic growth is increasingly prominent. In 1982, the proportion of private enterprises in fixed national assets was 17.1% which can stimulate 0.36% of GDP growth rate; by 2016, this ratio has reached to 32.87% which can stimulate 0.92% of GDP growth rate (Wang and Yang, 2018: 8).

3.3.2. Vietnam

After more than 30 years of economic renovation from 1986-2017, Vietnam's economy achieved an average growth rate of 6.6%. The highest growth period was in the period 1992-1997 with an increase of 8.1-9.5%; whereas for the period 2000-2007 the growth rate was at 6.8-7.8%. From 2009-2017, due to the impact of the world financial crisis, Vietnam's economic growth was lower than the previous period with a growth rate of 5.4 to 6.7%. At the global level, compared to some countries with rapid economic growth in recent years, the average growth rate of Vietnam's GDP is second, only after China (Nguyen, 2018).

The contribution to GDP of non-state and FDI sectors has been increasing. The non-state sector has contributed more than 40% of Vietnam's GDP whereby private enterprises contributed nearly 10%, and the individual sector contributed about 35% of GDP (see Table 3 below).

Table 3 Vietnam: Contribution to GDP Growth (Real Price) by Ownership Sectors from 2006-2016 (in percentage)

Economic Sectors	2006	2010	2011	2012	2013	2014	2015	2016
State owned	36.7	33.6	32.8	32.6	32.3	31.9	31.9	32.0
Non state	47.2	49.1	49.5	49.6	48.4	48.2	48.0	47.3
Collective economy	6.4	4.6	4.5	4.4	4.5	4.5	4.5	4.4
Private enterprises	9.0	7.9	8.3	8.8	8.7	8.7	8.8	9.1
Individual economy	31.8	36.6	36.7	36.4	35.2	35.0	34.7	33.8
FDI	16.1	17.3	17.7	17.8	19.3	19.9	20.1	20.7

Source: Vu (2016).

3.4. Contribution to Export

3.4.1. China

In recent years, Chinese private enterprises' exports tend to increase, while foreign-invested and state-owned enterprises' exports continued to decline. In 2011, exports of the private sector accounted for 33.5% of all sectors' export, but has increased to 46.5% in 2016 (China Minsheng Bank Research Institute, 2018: 29). This confirms that the export competitiveness of Chinese private enterprises has been constantly improving. In 2015, for the first time, the export proportion of private enterprises exceeded foreign-invested enterprises and has maintained its leading position in the export market share in 2016 and 2017.

The main export goods of Chinese private enterprises focus on communication products, household appliances, automobiles, lighting equipment and consumer goods, accounting for more than 57% of the total production of private enterprises goods and accounting for more than 50% of the same type of export products nationwide. Meanwhile, the export of traditional manual labour products has decreased (China Minsheng Bank Research Institute, 2018: 29). Besides, the import growth rate of private enterprises is much higher than the exports growth rate, at 3.57 trillion Yuan in 2017, an increase of 22% over the same period in the previous year (General Administration of Customs of the People Republic of China, 2018). Among this, the import of electromechanical and high-tech products accounted for nearly the absolute portion. In the first three quarters of 2018, the import and export of Chinese private enterprises were 8.77 trillion Yuan, an increase of 12.9%, accounting for 39.4% of China's total import-export values, increase by 1% over the same period in the previous year. Among them, export values were 5.68 trillion Yuan, increasing by 9.6%, accounting for 47.9% of total export values and import values of 3.09 trillion Yuan, an increase of 19.5% within the same period of 2017 (General Administration of Customs the People's Republic of China, 2018).

To have a better understanding of how the private sector contributes to China's foreign trade, we examine Table 4. As can be seen, the share of Chinese private enterprises accounted for about 25-29% of China's export values compared to the shares of the SOE sector and FDI enterprises. If calculated by domestic enterprises, the export values of the domestic sector are equal to the export values of the FDI sector.

3.4.2. Vietnam

Unlike China, in Vietnam there is imbalance in the export share between the domestic sector and the FDI sector. The domestic economy and the private

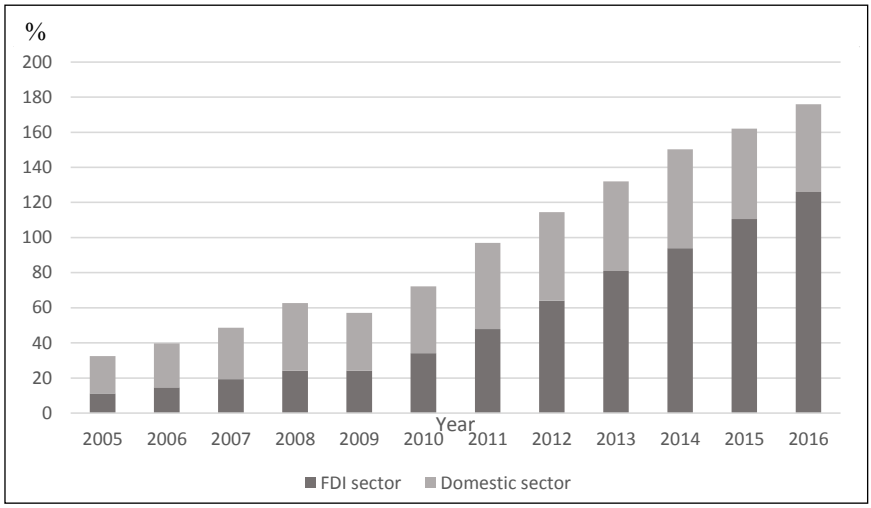
Table 4 China: Export Ratios of Business Types from 2011-2017

Year	Business types	Values (100 million Yuan)	Growth Rate (%)	Proportion (%)
2011	SOEs	2,672.9	14.1	14.1
	FDI enterprises	9,954.7	15.5	52.4
	Private enterprises	6,352.9	32.1	33.5
2012	SOEs	2,562.8	-4.1	12.5
	FDI enterprises	10,227.5	2.8	49.9
	Private enterprises	7,699.1	21.1	37.6
2013	SOEs	2,489.9	-2.8	11.3
	FDI enterprises	10,442.6	2.1	47.3
	Private enterprises	9,167.7	19.1	41.5
2014	SOEs	2,564.9	3.1	10.9
	FDI enterprises	10,747.3	3	45.9
	Private enterprises	10,115.2	10.4	43.1
2015	SOEs	2,423.9	-5.5	10.7
	FDI enterprises	10,047.3	-6.5	44.2
	Private enterprises	10,278.3	1.6	45.2
2016	Private enterprises	–	2.2	45.9
2017	Private enterprises	–	12.3	46.5

Source: Ministry of Commerce of China (2013, 2014, 2015, 2016) and China Minsheng Bank Research Institute (2018, 8:29).

sector have not played an important role in exports, but the FDI sector plays an important role in Vietnam's exports. Since Vietnam joined the WTO, exports of the FDI sector have increased dramatically compared to the domestic economic sector. (For the domestic economic sector, Vietnam's statistics do not separate between export turnover data of SOEs and private enterprises.) From 2012 through 2016, the export turnover of the FDI sector increased at an average rate of 21.3% per year (higher than the average export turnover of the whole country of 12.7%). In 2016, the export turnover of the FDI sector was twice that of the domestic economic sector, accounting for nearly 72% of the total export turnover; in 2017, the FDI sector's export volume was USD155.24 billion, accounting for 73% of the national export proportion (Malesky et al., 2018). In contrast, the domestic economic sector has a very slow growth rate, especially in 2015 and 2016, the export turnover of this sector decreased by 8.5% and 2.8% respectively. This shows that Vietnam's trade largely depends on the FDI sector (see Figure 1).

Figure 1 Vietnam: Export Turnover of the FDI and Domestic Sectors, 2005-16



Source: Author compiled from the Vietnam General Department of Customs at the website: https://www.customs.gov.vn/

Vietnamese private enterprises are mostly on a small scale, lacking the ability to develop on a large scale. In 2017, only about 11% of private enterprises exported directly, and about 14% were sold to FDI enterprises in Vietnam. That is, private businesses mainly serve the domestic market (Malesky et al., 2018).

3.5. Contribution to Employment

3.5.1. China

In addition to direct contributions to the Chinese economy, the private sector also contributes to social development and harmonization, including employment issues and improving people's income. Private economic development means that employees of private enterprises are significantly increased. Moreover, private businesses become "addresses" to create jobs for people. In particular, since the 18th National Congress of the Communist Party of China, the country has launched a series of measures to encourage the development of the private sector. Therefore, the private sector could create more jobs for the people. Private enterprises provide 80% of jobs in urban areas, absorb more than 70% of workers moving from rural to urban areas and created about 90% of new jobs for the labour market (China Minsheng Bank Research Institute, 2018: 24). In the context of China's current economic recession, the employment creation data of the private sector has shown an

outstanding contribution of this type of economy to social stability. If in 1990, private enterprises and individual household businesses attracted about 22.75 million jobs, and the employment rate was 3.51%; then by 2016, the number of people working has increased to 309 million, accounting for 39.77% of the country's population (Wang and Yang, 2018: 9).

It can be said that, through 40 years of economic reform and opening up, the Chinese government has adopted policies and measures to encourage the private sector from zero starting point to become an indispensable component of the current national economy. The private sector has now played an important role in maintaining the vitality of China's market economy. Therefore, in the present and future, the Chinese government will continue to implement measures to promote the development of the private sector further, maintaining the role of the private sector in healthy development and sustainability of the national economy.

3.5.2. Vietnam

The private enterprise sector is currently the most labour-intensive area among economic sectors in Vietnam. In 2000, the proportion of workers in the private sector was 29.9%; by 2016, this number had doubled to 62.2% of non-agricultural jobs in Vietnam (about 8.39 million workers). The proportion of workers in the private sector increased particularly rapidly in 2006 (53.3%) when it was officially recognized as an economic component that was encouraged to develop without restriction on development scale since the 10th National Congress of Vietnam Communist Party. The shift in the labour structure from the state sector to the FDI sector and especially to the private sector, shows the rapid development and attraction of this economic sector.

Table 5 Vietnam: Employment Structure by Type of Business Ownership (%)

	2007	2008	2009	2010	2011	2012	2013	2014	2015
FDI sector	19.9	23.2	22.8	22.4	21.5	21.6	23.8	28.4	29.1
State Sector	32.8	23.4	23.9	20.0	19.5	15.8	15.0	12.7	9.6
Private Sector	47.3	53.4	53.3	57.5	59.0	62.6	61.3	61.0	61.3

Source: Nguyen (2019).

3.6 Promoting R&D

3.6.1. China

The private sector is an important factor in promoting the process of technological innovation of the national economy. Research and development (R&D) is considered one of the key successes of many big corporations and

companies in the world. Research and development includes investment, implementation, or sale of research and new technologies for the development of enterprises. In China, R&D activities have been given special attention by private enterprises to continuously improve. In 2006-2007, 70% of high-tech enterprises in Shenzhen were private enterprises, and 76% of scientific and technological achievements were created by these private enterprises (Renmin, 2006).

In 2016, the number of full-time employees working in R&D of private enterprises was about 732,400 persons per year, funding for R&D was 280 billion Yuan, and the number of research projects and development were about 134,000 projects (Wang and Yang, 2018: 9). Besides, the number of applications for patents by private enterprises has also increased. The National Office of Intellectual Property of China accepted 1.3 million patents in 2016, reaching a record high, of which more than 70% came from small and medium private enterprises (Xinhua, 2017b, Xinhua, 2017c). In 2016, the number of applications for domestic patents increased by 55.65% compared to 2013, while the number of applications for international patents increased by 80.56% compared to 2013 (China Minsheng Bank Research Institute, 2018: 16). Besides, expenditure on R&D of private manufacturing enterprises with tax payments of over 10 million Yuan account for 43.5% of the total R&D expenditure of the manufacturing industry. Examining the Top 500 Chinese private enterprises, the R&D investment of these enterprises during the period 2013-2016 continued to increase. The number of enterprises that have R&D staff increased from 267 enterprises to 313 enterprises, accounting for 62.6% of the Top 500 private enterprises in China. In the European Commission's 2016 Global R&D list, Huawei Group surpassed Apple Inc. and ranked 8th in R&D expenditure with a total of Euro 8.358 billion (China Minsheng Bank Research Institute, 2018: 16).

All of these have created a strong impetus for the rapid development of the private manufacturing industry leading to new product development efficiency of the private sector which have been continually improving. In 2016, the number of new products of private enterprises reached about 145,300 products; revenues reached 3,900 billion Yuan and export values of new products reached 470 billion Yuan (Wang and Yang, 2018: 10).

3.6.2. Vietnam

For Vietnam, the private sector has not yet played an important role in promoting the country's R&D. The share of R&D spending by Vietnamese enterprises is low. The report of the World Bank in 2017 showed that Vietnamese enterprises only spend about 1.6% of annual revenue for R&D, while this rate for Malaysia was 2.6%, and Laos was 14.5%. Vietnamese enterprises

have knowledge and patents but rarely apply new research into the operation process, which leads to no innovation. Meanwhile, China is currently second in the world in R&D investment rate after the United States only.

The survey results of the Ministry of Science and Technology of Vietnam conducted in 2018 showed that: among 7,641 enterprises, 4,709 enterprises (61%) had innovation activities, 2,841 enterprises (37%) did not have innovation activities, and 91 enterprises (2%) confirmed that they did not understand innovation (Hoang and Hoang, 2020).

3.7. Role for Economic Restructuring

3.7.1. China

The private sector is an essential motivation for the transformation of the industrial model. The private sector has played a pivotal role in promoting the opening of industries such as logistics, military industry and finance. A typical example is the express delivery sector: in 2007, 42 courier companies in Shanghai signed a letter calling for attention to the development of private courier companies by reforming laws and related regulations. By the end of 2014, more than 11,000 enterprises are working in the express delivery business. These private enterprises have taken advantage of the capital market to improve their competitiveness, and have a bigger market share in the segment, typically the Shunfeng Company, and Baishi Company (顺丰公司, 百世公司). In particular, in recent years, the participation of private enterprises in the defense industry has created a new openness and creativity. Accordingly, private enterprises have taken advantage of the technology and capital, playing an active role in improving defense science. According to the survey in 2016, 67 private enterprises among China's top 500 private enterprises were involved in military research, production and maintenance, 56 of which were in the manufacturing of military defense equipment. In emerging industries, especially those with technological factors, using mobile applications such as taxi applications, bicycle-sharing applications have become an interesting and developing market for private enterprises, while state-owned enterprises are almost ignored in this sector.

3.7.2. Vietnam

For Vietnam, the private sector has not yet played a significant role in the transformation of the industrial structure due to the large number of enterprises operating in the service sector, accounting for 40.7% of the total value-added and creating 21.5% of total assets and 44.4% of labour. For newly established enterprises, 40% are in the fields of trade, wholesale, retail, repair of automobiles and motorbikes, where almost all private enterprises are operating.

The top five industries contributing to revenue in the Top 500 largest private enterprises in 2018 are the financial sector (15.1%), food, beverages and tobacco (14.3%), construction, building materials and real estate (13.9%), steel (11.7%), and telecommunications, informatics and information technology (9.2%). Only five industries accounted for 64.2% of revenue and 75.5% of profit after tax of private enterprises (Vietnam Report, 2018). However, recently, there has been a significant shift in the proportion of value-added tax (VAT) contributions from service enterprises to manufacturing enterprises, although the number of manufacturing enterprises accounts for only 13-14% of the total number of enterprises. Private enterprises, however, contribute to VAT, labour, and total assets at 49.8%, 32.2%, and 68.6%, respectively. Construction businesses with a similar number have a significantly lower contribution, with just over 7.7% of the private sector's VAT belonging to construction businesses.

Table 6 Vietnam: Changes in Contribution of Private Enterprises from 2011-16 (percentages)

Sectors	2011 Value-added	2014 Value-added	2016 Value-added
Agriculture, forestry and fisheries	0.9	0.5	0.3
Mining and electricity production	2.0	2.0	1.4
Construction	14.5	9.6	7.7
Manufacturing	32.0	32.7	49.8
Services	50.6	55.2	40.7
Total	100.0	100.0	100.0

Source: Nguyen (2019).

4. Discussion

It can be seen that, although the two countries are quite similar in orientation and policy in developing the private sector, there are still some clear differences in development achievement. China's private sector plays an essential role in the economy than Vietnam's private sector. The question is, why is this difference?

First, China carried out economic reforms and opened up eight years earlier than Vietnam (China in 1978 and Vietnam in 1986). Therefore, China's private sector also has favourable conditions for development earlier than Vietnam's private sector.

Second, Vietnam's orientations and policies for developing the private economy have many similarities with those of China, but Vietnam's ability to

implement policies is still limited. There is still a situation of "hot in upper level" but "cold in the lower level" which means that there is a delay in implementing government policies in the lower level. Due to limited resources or group interests, local governments or departments of ministries are slow to implement top-down policies.

Third, China's business environment is better than in Vietnam. Assessing the quality of China's business environment creates favourable conditions for China's private sector to develop more than Vietnam. According to *Doing Business 2019*, ease of doing business in China rank much higher than Vietnam; China is ranked at 30 while Vietnam is ranked at 70. It shows that China's business environment has improved better than Vietnam, particularly in: starting a business – China (27), Vietnam (115), paying tax – China (105), Vietnam (109), and enforcing contract – China (5), Vietnam (68).

Fourth is about the role of local governments; Chinese local governments are very active in embracing central government policies for development. For example, Zhejiang province is a successful example of encouraging and developing the private economy, one of the localities with the highest level of private economic development in China. Before the open door and reform policy, Zhejiang was a poor province in China, with GDP per capita ranking at 13 compared to other provinces (Zhang and Liu, 2013).

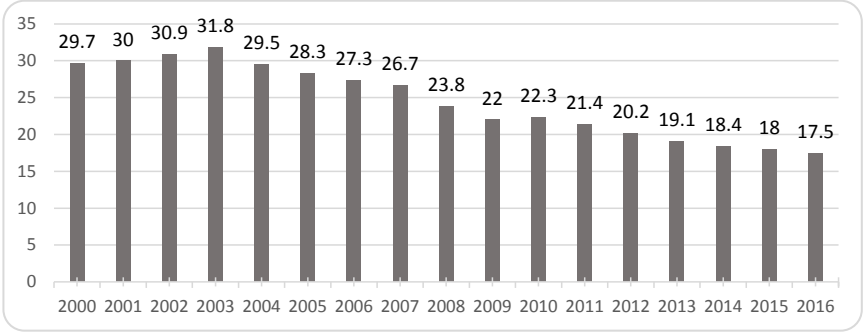
The private sector in Zhejing developed exponentially from the late 1970s and early 1980s of the 20th Century. Zhejiang dynamically grasped the open-door reform and transition policies to the market economy of China. The local government played an essential role in introducing supportive policies for private enterprises to form industrial clusters with a development guideline such as "getting the market started as a start", "small products, big market" led by family businesses. The provincial government respected the right of individuals to do business, supported and encouraged millions of people doing business, which gradually transformed the private economic sector to become a vital part of the economic growth of Zhejiang. In 2017, Zhejiang's GDP ranked fourth in China (for 22 consecutive years) after Guangdong, Jiangsu and Shandong. The private sector contributed 65.4% of total GDP, 74% of total tax revenue, 76.9% of total export goods, 80.4% of employment, 91% in number of enterprises in the province (Sina, 2018). From 1979 to 2017, the private sector contributed 75.2% of the province's GDP (Di, 2018).

Fifth, is the difference in the structure of GDP. The main reason that can explain why Vietnam's private sector has not contributed much to the transformation of the industrial structure was her starting point from when renovation began. China's and Vietnam's economies were undeveloped when these two countries started their economic reform. However, in terms of GDP structure, they were different. The industrial sector was dominant in China (48.2%), while in Vietnam, agriculture was the vital sector (38.1%) (*Bao Dat*

Viet, 2013). For China, the vast industrial sector, mainly owned by the State, creates a more solid foundation for industrialization. For Vietnam, the core agricultural sector can allow "leapfrogging" with new industrial development projects. However, the small industry also means that Vietnam has difficulty finding skilled workers and building an auxiliary industry network right from the beginning of the industrialization process.

Sixth, the scale of Vietnamese private enterprises is mostly small and weak; productivity and competitiveness are still low since they are newly established and the operating time is short in an unstable business environment. A number of private enterprises of international stature, operating in specific areas such as real estate, coffee and fisheries and so on up to 97% of all Vietnamese enterprises are small and medium-sized enterprises (according to Vietnamese standard) (Vu, 2017: 123-143). According to the Provincial Competitiveness Index (PCI) survey in 2017, over 50% of businesses have less than ten employees (85% of enterprises have less than 50 employees). For small and small-scale enterprises, the ability to invest in R&D is shallow.

Figure 2 Declining Average Number of Employees in Vietnamese Private Enterprise (Unit: person)



Source: Malasky (2018).

Decree No. 95/2014/ND-CP by the Vietnamese government on October 17, 2014, required state enterprises to deduct from 3% to 10% of pre-tax profit annually to set up a science development and technology fund of the enterprise. Non-state enterprises have the right to deduct from the pre-tax income up to 10% to set up a fund for scientific and technological development. However, because most of the Vietnamese enterprises are small or very small, their turnover is low, thus the profit before tax is not much. If only 10% is spent on R&D investment, this expense is not enough to promote new business activities. Besides, according to regulations, the expenditure on R&D of enterprises is exempted from income tax, but the tax authorities still

maintain that enterprises are not interested in this. Only a few businesses are willing to invest in R&D (Nhat Minh, 2017).

Seventh, China is more successful than Vietnam in attracting FDI, particularly in absorbing technology transfer from foreign investors. FDI activities have been channels for China to absorb technology and enhance her creativity. China's policies to attract FDI follow a gradual approach and is adjusted to each stage of China's economic development. At the beginning of the open-door reform phase, China encouraged FDI in labour-intensive and export-oriented industrial sectors and was focused in the eastern coastal area. After China joined the WTO in 2001, China made adjustments in its FDI policy to follow the requirements of the WTO and meet the development needs of China. The incentive adjustments for China's FDI sector are towards export-oriented industries, high-tech industries, and to the less developed western region of China (Martins, 2013).

Vietnam's policy to attract FDI has not been as methodical as China. Before Vietnam's joining of the WTO, its FDI policy, in general, is aimed at limiting the operation of foreign-invested enterprises and is always changing. After joining the WTO in 2007, FDI was allowed into all industries, including domestic businesses that can be invested. This led to a massive flow of FDI into Vietnam, while domestic enterprises are still weak (Tran, 2015). Thus, it causes a situation of lack of linkage between domestic enterprises and FDI enterprises; the ability of international integration is low (participating in value chains at low stages or not participating) and less associated with innovation (low technological level, lack of investment in innovation) (Nguyen, 2017: 236-271). Domestic enterprises have not taken advantage of the spillover effect of technology from FDI enterprises. According to the 2017 PCI report, the ratio of SOEs and supply of inputs for FDI enterprises is only 10%, whereas individuals and households provide 16.1% of inputs for FDI enterprises. The transfer of technology from FDI enterprises to Vietnamese enterprises is quite limited partly due to reasons stemming from the investment sector, market orientation and ownership form of FDI enterprises. At present, FDI into the industrial sector mainly focuses on export-oriented, labour-intensive industries such as textiles, leather goods, cars and motorbikes, with market-oriented directions still driven by importing countries like the EU, US and Japan mainly using imported raw materials as direct input for production. In terms of business ownership, most FDI enterprises in Vietnam are with 100% foreign invested capital, thus creating a specific gap in customs, production and business methods, and management capacity. Thus, the linkage and cooperation efficiency between FDI enterprises and supporting enterprises of Vietnam is not high (Do, 2018).

Eighth, in recent times, encouraging private enterprises to invest outside has played a role in promoting rapid R&D development and enhancing

China's position in the global value chain. Unlike the previous period, the Chinese strategy of "go global" is mainly to promote SOEs going out to invest. After the 18th CPC National Congress, China encouraged both private enterprises to actively invest outside to let businesses go out to join the global industry and supply chains, improving their international competitiveness (Sina, 2017). By promoting investment in the form of mergers and acquisitions (M&A), some large private enterprises such as Haier and Midea, through this method, have acquired quality assets, the right technology to increase their creativity and research capacity. Brand and patent advantage is strengthened (Zhou, 2017). In the context of price of domestic production factors rising, opening up international markets and utilizing external resources is an essential step for China to enhance its position in the global value chain.

5. Conclusion

It can be said that the process of developing the private sector in China and Vietnam have taken place along with the process of economic reform, changing from the centrally planned economy to the socialist market economy of these two countries (socialist-oriented market economy in Vietnam). Due to resemblances in economic and political institutions, the development of the Communist Party and the State's perceptions of each country on private economic development have many similarities – from the period of prohibited development to encouraging development and becoming "an important component" of the economy (for China) or becoming "an important driving force of economic development" (for Vietnam). Up to the present, the private economic sector is continuously developing and affirming its essential role in each country's economy. The contributions of the private sector to China and Vietnam are becoming an economic component that plays an essential role in economic growth, contributing to creating jobs for economic development in each country. It can be seen that the role of the private sector in the export, R&D, and transformation of industrial structure in the case of China is more significant than in the case of Vietnam.

For the development of Vietnam's private sector economy, some suggestions are as follows:

1. State policies should ensure fairness in market competition and equal treatment with different market entities. In terms of market access, the state should implement policies to support and create a fair, competitive market environment for businesses. At the same time, introduce policies on vocational training, insurance benefits for employees and creating equal opportunities for employees to compete. Fair, competitive environment means fair opportunity, from which the effective implementation of

social justice and production efficiency can be realized. Another condition to ensure the effectiveness of competition is to eliminate all economic and administrative obstacles for enterprises to access the market.

2. Promoting the role of the state in protecting property rights, supervising the contract performance and fair compliance, regulate macroeconomics, conduct income redistribution, avoid too much income gap, maintain a stable socio-economic environment; provide effective public products.
3. Reduce the burden of taxes and fees for private businesses. Currently, fee tax is the most significant barrier, reducing the competitiveness of Vietnamese businesses. Vietnam's business costs are still fundamentally high compared to other ASEAN countries. Therefore, reducing the burden of taxes and fees for businesses, creating incentives for production, increasing production scale is essential.
4. Solutions to encourage innovation: the ability of innovation of private enterprises in Vietnam is still limited. It should be determined that private enterprises are the subject of innovation. Since then, have appropriate policies, encourage innovation activities in these businesses. Quickly enhance the independent innovation ability of private enterprises
5. Supporting private enterprises to participate in state-run science and technology projects, build high-level research agencies. Development of innovative funds and technology applications. Focusing on improving the quality of growth of private enterprises such as focusing on improving productivity, business size, scientific and technological level, and investment in R&D. Ensure there are preferential policies to develop business clusters by industries to enhance the level of association to complement each other and develop together.
6. Introduce policies to strengthen the linkage of domestic enterprises with FDI enterprises. Priority is given to promoting medium-sized businesses with policies such as enabling enterprises to access resources: financial resources, land, and technology capital. To encourage and orient FDI enterprises to buy local goods and cooperate with domestic private enterprises.

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Balance of Threat, Dynamic Balance and Security Dilemma: Deterioration of Sino-Vietnamese Relations in the Late 1970s

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Abstract

The Socialist Republic of Vietnam (SRV) and the People's Republic of China (PRC) had been close-knit allies since the the formation of the two states. However, they gradually moved apart in approaches towards regional and international affairs in the late 1960s and 1970s. This paper offers an account for the deterioration of Sino-Vietnamese relations in the 1970s. It is original in the sense that it focuses on exploring the perceptions of Vietnam and China that led to the competition for alliances, which has not been fully addressed in existing literature. This research employs the balance of threat theory in international relations – which argues that states commonly pursue an alliance strategy to balance against perceived threats – as the primary analytical framework to analyse primary and secondary sources and historical documents in Sino-Vietnamese relations. This study's main finding is that the different perceptions of threats in China and Vietnam has led the two countries to pursue balancing strategies to counter these threats. Such balancing acts led to a situation of security dilemma and it eventually ended up with a period of turbulent bilateral relations.

Keywords: *Sino-Vietnamese relations, border conflict, balance of threat, Khmer Rouge, security dilemma, dynamic balance*

1. Introduction

The Democratic Republic of Vietnam (DRV) – the former name for the Socialist Republic of Vietnam or Vietnam today – established diplomatic relations with the People's Republic of China (PRC) in January 1950, only three months after the latter was established. These relations were

quickly tightened as the two countries shared the socialist ideology and they belonged to the socialist camp. In the following two decades, the PRC provided the DRV with significant military and logistic aid to fight against the French and then the Americans in what is often called the First and Second Indochina Wars (Chen, 1993; Li, Wang and Shao, 2017). However, Sino-Vietnamese relations turned sour rapidly from the late 1960s until their diplomatic normalization in 1991. In 1969, the value of China's aid to Vietnam was reduced to half of that of 1968 and from the early 1970s, discontent on both sides was obvious. The deterioration of Sino-Vietnamese relations in the 1970s was marked by a short but deadly border war in 1979. It was an interesting case for experts studying Sino-Vietnamese relations. Understanding the nature of this relationship in that period is very significant as China and Vietnam have been growing rapidly in the past decades and playing an increasing role in regional and international affairs. They still face many unresolved disputes, including territorial disputes over structures in the South China Sea and maritime claims around them. Learning from past experience would shed more light on the current and future relationship of the two countries.

Scholars have attempted to clarify the root causes for the deterioration of Sino-Vietnamese relations in the 1970s (Amer, 1993; Thayer, 1994; Woodside, 1979). Thayer (1994) examined the interplay between ideology and national interests in the formation of Sino-Vientamese relations in that period. While both countries see communism as the backbone for their regime, they have gone in different ways, dubbed "socialism with Chinese characteristics" and "socialism guided by Ho Chi Minh thought" respectively in China and Vietnam. At the same time, conflicting material interests between the two sides have intensified, putting Beijing and Hanoi at two opposite fronts. According to Amer (2004), Sino-Vietnamese relations deteriorated in the 1970s due to the competition of China and the Soviet Union concerning their relations with Vietnam, Sino-Vietnamese conflict of interest in Cambodia, territorial disputes along the border of the two countries, and the situation of the ethnic Chinese in Vietnam. The lack of mutual understanding and trust between the two sides led to the failure to prevent contentious issues from escalating into an armed conflict. Woodside (1979) argued that neither China nor Vietnam gained in the deteriorating bilateral relations. He attempted to explain how "catastrophic miscalculations" from Beijing and Hanoi were made in the interplay between nationalism and the pressure of poverty. He contended that poverty in both China and Vietnam was a determinant factor for the nationalist revolutionary leaders in the two countries to enter an inevitable and "temporary uncontrollable" conflict. The Chinese Vietnamese living in Vietnam were at the focal point. Hanoi was convinced that Vietnam needed to have economic and social control over the ethnic Chinese living in

Vietnam to achieve its economic development. Meanwhile, Beijing regarded this group as Chinese needing protection. Consequently, confrontation between the two sides arose. Weitz (2011) made an interesting metaphor as he dubbed Vietnam's policy as making itself 'a poison shrimp that China cannot digest' and observed that Hanoi also relied on more powerful countries to balance China's capabilities.

Some other notable scholars such as Buszynski (1980) and Nguyen (1979) premised their ideas on the primacy of nationalism over ideology. They also pointed out other sources of contention, i.e. policy differences, territorial disputes, China's overseas affairs and internal issues pertaining to the Cambodian war. Another group of scholars looked into China's distinctive nature to seek the causes of the war like Ambrose (1979) and Zhang (2005).

Existing literature, however, has not yet properly addressed the perceptions of threats happening in both Vietnam and China at the same time that led to a security dilemma between the two countries, driving them to form alliances in the region and make a dynamic and fragile state of balance in Southeast Asia. The aggressive behaviour of the Khmer Rouge regime in the late 1970s served as an igniter breaking the dynamic balance of power in the region, leading to an armed conflict between China and Vietnam. This paper offers another account in assessing the origin of the conflict. In exploring the deterioration of Sino-Vietnamese bilateral relations in the late 1970s, the paper focuses on Vietnam's and China's perceptions of external threats that drove their alliance policies. It employs the two realist theses of balance of threat and security dilemma as its theoretical framework. Perceived threats would lead the two countries to seek alliances. This strategy, in turn, put both China and Vietnam in a security dilemma. The Khmer Rouge's attacks against Vietnam served as the ignition for this dynamic balance to collapse.

The balance of threat thesis is well discussed in existing studies. Among the most famous literature in this subject is the book entitled *Origins of Alliances* by Stephen Walt (1987). Walt (1987) argued that states ally with others to balance against their perceived threats rather than against a more powerful state. While recognizing the distribution of power as an extremely important factor, Walt contended that many other considerations, such as geographical proximity, hostile intention and offensive power contribute to the perception of threats by a state. He also rejected a prominent thesis that ideological similarities and foreign aid matter in the formation of alliances between states, arguing that they are subordinate to security preferences. As states pursue balancing strategies to neutralize their perceived threats, they fall into another trap of security dilemma, in which enhanced security of one state is seen as a source of insecurity for the other. Alliance formation and the dynamic balancing are, therefore, very fragile and could collapse when one chain is broken.

2. Regional Context and the Perceptions of Threats in Vietnam and China

In the 1970s, the US and the Soviet Union were in the middle of the Cold War. Bilateral disputes over human rights issues and conventional forces, and rising concerns about Soviet activities in Africa led to a deterioration in the achieved détente. The US considered the Soviet Union as a major threat to global peace. However, Washington was not in favour of Beijing's idea to create a coalition against Moscow. The US continued to foster relations with Taiwan and maintained SALT talks with the Soviet Union. In Asia, after its withdrawal from Vietnam in 1973, the US fundamentally lost interest in mainland Southeast Asia. There was a brief period when Washington made diplomatic attempts to improve its relations with Hanoi (Van, 2006). However, this process critically slowed down as Washington prioritized its normalization with China. A reduced presence and interest by the US in the region after 1975 led to the emergence of a power vacuum in Southeast Asia. The Soviet Union and China tried to take advantage of this situation by attempting to expand their influence in Southeast Asia (Pressello, 2014).

In the 1970s, China and the USSR had fundamentally different interests in their foreign relations. It was because the two countries were the biggest socialist nations and were neighbours, so they had overlapping spheres of influence, and a conflict of interest between the two countries was highly likely. They actually engaged in a propaganda war and a war to win the hearts of the Socialist world. The split partially came about as part of the PRC's increasing international confidence and the need to steer an independent course (Ambrose, 1979; Chang, 1987; Nguyen, 1979; Ross, 1991).

The Soviets were courting Vietnam to fill the power vacuum in Southeast Asia and to encircle China through alliances (Ross, 1988; Lemon, 2007). This strategy succeeded as the Soviet Union and Vietnam signed a bilateral defence treaty in October 1978. Vietnam also joined the Soviet-led Council for Mutual Economic Assistance (COMECOM) in the same year. As Brezhnev declared, the Soviet-Vietnamese treaty "holds special significance at this complicated moment when the policy of the Chinese leadership has created new, major difficulties for socialist construction on Vietnamese soil" (Nguyen, 1979).

China's anti-Soviet position was manifested by China's strong condemnation of the Soviet sending troops to Afghanistan and strong support for the Khmer Rouge in the UN. It is important to note that China, at that point in time, rarely took any strong position within the UN apart from a general commitment to be a champion of the Third World. This anomalous behaviour infers that China considered these two issues to be of significant interest to it. It is no coincidence that the USSR was considered the main culprit in both cases. This interference itself carried within it the goal of straining Soviet

support for Vietnam, adding friction to its relations with Hanoi. This played in China's favour as it signalled to the Vietnamese leadership how uncertain their alliance with the Soviets really was (Hummer, 1991; Lichtenstein, 1986; Segal, 1981; Simon, 1984; Zhang, 2005).

At the same time, China was also looking for greater influence in Southeast Asia (Copper, 1984). In the 1960s, Beijing supported communist parties in several maritime Southeast Asian states. This strategy was later dropped in exchange for better relations with governments in Southeast Asia. In mainland Southeast Asia, Beijing gradually became more hostile against Vietnam and it supported the Khmer Rouge in Cambodia. China managed to convince Thailand and other ASEAN countries that they shared a goal with China in containing the expanding influence of Vietnam in Indochina. Nevertheless, China's emphasis on working with the Khmer Rouge was of concern to the rest of ASEAN, particularly Thailand. The ethnic conflict and China's insistence on protecting its people abroad also raised red flags in Southeast Asian countries with a sizable Chinese population (Gompert, Binnendijk and Lin, 2014; Hood, 1990; Johnson, 1978; McGregor, 1990; Solarz, 1990).

Another player influencing international relations in Southeast Asia at this point in time was Japan. After the Second World War, Japan emerged as a dynamic and economically developed country. The Soviet Union, China and Vietnam therefore swiftly attempted to seek support from Japan in the late 1970s. Vietnam wanted to obtain Japan's sympathy for its struggle for independence. The USSR aimed to have Japan's support for its idea of an "Asian collective security" and hinder China's efforts. However, through economic means, China was the most successful in their approach to Japan.

2.1. Vietnam's Perception of Threat

Unified Vietnam emerged from the war in 1975 in a critically damaged condition as much of its economy was destroyed. As a newly independent nation, Vietnam in the late 1970s fought for survival, economic sustainability and was eager for diplomatic recognition. These issues would have to be tackled in its immediate neighbouring region. The nation at this point in time was extremely sensitive to economic and military security and as such felt forced to attach itself to a reliable partner or an ally. Adding to existing antagonisms between China and Vietnam, the Sino-US normalization made it hard for Vietnam to align itself with Beijing.

Encountering multiple challenges and instability after the 1975 unification, Vietnam prioritized a peaceful regional environment for domestic recovery, especially when it was conducting many socio-economic reforms to incorporate half the country in the south into its socialist economic

and political system and to recover from the disastrous war with the US. Circumventing another risk of conflict was, therefore, Hanoi's top priority and it had no interest in triggering another conflict but instead in building an autonomous and strong country. The US supported Hanoi's approach and considered Vietnam, as in the words of former US ambassador to the UN in January 1977, "a kind of Asian Yugoslavia that will not be part of, or a puppet of, China or the Soviet Union, but will be an independent nation" (Co, 2003; Menétrey-Monchau, 2006).

China's growing political influence in Southeast Asia were among Vietnam's top security concerns, given Vietnam's long history of struggling against Chinese dynasties for independence. Theoretically, Vietnam, as a weaker state, has a structural asymmetric perception of threats vis-à-vis a much more powerful China (Womack, 2003). After the US military withdrawal in 1973 and the subsequent unification of the country in 1975, Hanoi perceived its greatest threat to its autonomy was China's influence. Vietnam recognized China's support during the war against the US and did not want to maintain hostile relations with China. However, it always tried to "set the boundary stone" between the two countries in every aspect (Womack, 2003). China's seizure of the whole Paracels after an armed attack against South Vietnamese forces on the islands was an eye-opening event for Hanoi about China's true intentions. This was particularly significant given that Vietnam and China at that point in time were still in dispute over border demarcation on land, in the Gulf of Tonkin and had unresolved disputes over the Spratlys and Paracels and the waters around them. In addition, Hanoi believed that Beijing had betrayed the interests of the Vietnamese at least three times during the modern history of Vietnam's struggle for independence. First, at the 1954 Geneva Conference, China agreed on a solution to divide Vietnam into two parts over the long term. Second, Beijing gave a green light for Washington to bomb Hanoi in 1972 when the war in Vietnam intensified. Third, after the unification of Vietnam in 1975, Beijing supported the Pol Pot regime in attacking Vietnam in the southwest and directly invaded the northern border region of Vietnam ("Su that ve quan he Viet Nam – Trung Quoc", 1979). Not to mention that China's 1974 seizure of the Paracels from the Republic of Vietnam after an armed confrontation worried Hanoi, although the leaders of the Socialist Republic of Vietnam did not openly discussed about it (Sellars, 2017).

The US and the West also posed persistent threats to the newly born country of Vietnam. Hanoi was faced with tight and extensive sanctions and a hostile attitude from the US and its Western allies. The US opposed Vietnam's membership of the UN and supported the anti-Vietnamese armed forces in Cambodia. As Martini (2007) put it, the US continued its war against Vietnam "by other means" for another twenty-five years. Adding to that,

ASEAN's rapprochement with China and their criticism of Vietnam, together with border conflicts with the Khmer Rouge in the southwestern provinces of Vietnam were also burning issues for Vietnam's national security.

2.2. China's Perception of Threat

In the time of the heightened Cold War, China's core interests lay within a protection of its mainland, national unity and unification, and further development of its economy. China also attempted to expand a sphere of influence in its neighbouring states, particularly Southeast Asia and to deter conflict by economically embedding possible adversaries (Huisken, 2010; McMillen, 1983; Pai, 2007). China's direct interest was to pacify its conflicts with the West, whilst aiming to improve relations with the East (Hummer, 1991; Simon, 1984; Tretiak, 1978; Vuving, 2006). However, whilst China's relations with the West stabilized tremendously through its engagement with the US and Japan, its relations with the Soviets continued to deteriorate.

Despite significant developments domestically and abroad in the 1970s, China's foreign policy maintained some fundamental principles. One was the strategy of balancing and economic embedding (Buszynski, 1980; Keith, 1985; McMillen, 1983; Vuving, 2006). Domestically, China entered 1978 with a drastic leadership change after the death of Mao and the removal of the "gang of four". Deng Xiaoping felt a need to fulfill the two goals of reforming the military and growing the economy (Huisken, 2010; Leighton, 1978). Deng himself at this moment in time argued that the PLA was unfit to undertake large-scale action abroad and was in need of restructuring. But Beijing needed to do so without damaging its economic focus. Both these aims were not just important domestically but also internationally, where it was seen that China needed a strong economic and military presence to maintain its independent course.

Externally, China's position in the early 1970s was to seek a broader level of recognition and legitimacy in the eyes of the international community. The main achievements in this regard was the PRC's ascension to membership of the UN Security Council, its steady opening up to capitalist economies such as Japan, and the US (albeit dubious) support of the "one China policy". However, China's approach towards the US, the Soviet Union and Japan in this period was consistently framed within its paradigm of anti-hegemony, one whereby China sought to be a 'third player' in the Cold War, denouncing any attempts by the two superpowers to seek dominance over the international system (Hummer, 1991; Johnson, 1978; Keith, 1985). Anti-hegemony here often goes hand in hand with China's call for non-alignment and its ambitions to be a champion of the Third World (Ness, 1998; Yu, 1977). Both these threads point to an engagement to balance the West and the East, as well as an

indirect (and at times direct) call for non-interference (Keith, 1985; McMillen, 1983; Thayer, 1994).

As Beijing was able to manage its relations with the US, Japan and the West, one of China's perceived greatest threats in the 1970s came from its north, the Soviet Union. This impacted its strategy towards Southeast Asia and Sino-Vietnamese relations. Beijing considered Soviet-Vietnamese cooperation as an instrument to encircle China and as an extension of the Sino-Soviet split and the conflict over a Southeast Asian sphere of influence (McGregor, 1990; Tretiak, 1979; Zhang, 2005). This in the Chinese mind created a fear that these issues were not temporary in nature, but rather, were part of a bigger trend where a more confident Vietnam would continue to challenge China's political and strategic position. Especially when combined with Soviet support, this was considered highly threatening to China's autonomy and international position (Ambrose, 1979; Ross, 1991; Thayer, 1994). That explains why despite having strong influence on Vietnam's national security and foreign policy, Beijing still believed that Hanoi's discontent with and disengagement from China was a signal of Vietnam's siding with the Soviet Union.

3. Alliance Building and the Formation of a Dynamic Balance

Alliance building at a global level and in Southeast Asia in the 1970s is best understood in a broad approach. Apart from entering formal military alliances such as the 1949 North Atlantic Treaty Organization (NATO) or the 1951 Japan-US mutual defence treaty, countries also seek to develop close but subtle relations with others to promote their national interests and mitigate threats in what can be called natural or tactical alliances (Ghez, 2011). That is the way Vietnam and China approached their external relations in the 1970s.

3.1. Vietnam's Alliance Building Strategy

Vietnam since the mid-1960s attempted to negotiate with China about their disputes and disagreements whilst simultaneously implementing a policy of balancing its relations to counter Chinese influence (Abuza, 1996). Despite a serious deterioration in Sino-Soviet relations, Hanoi wanted to seek balanced relations with both countries to maintain unity within the socialist bloc and receive support in its struggle for independence against the US. In the period from 1960-1964, the Soviet Union sent messages to Vietnam 13 times, requesting Vietnam to stay away from China. However, Hanoi tried to avoid this undesirable position (Nguyen, 2018). Key documents of Vietnam's Labour Party, the former name of the Communist Party of Vietnam, from 1960-1967 clearly set out one of Vietnam's goals in the international arena

as fostering consolidation within the socialist bloc. In the period from 1965-1972, the number of high level official exchanges between Vietnam and China and the Soviet Union are similar. Hanoi in the beginning did not want to send a wrong message that it intended to go with the Soviet Union to counter China (Nguyen, 2002; Nguyen, 2018).

However, the deteriorating relations with Beijing pushed Hanoi closer towards Moscow. Vietnam-Soviet relations were enhanced somewhat early in the 1970s as China mended its relations with the US and the West. These ties were formalized when Hanoi joined COMECON and entered a formal military alliance with the Soviet Union as a response to its perception of China's threat (Vuving, 2006).

In Southeast Asia, Hanoi believed that close relations with Laos and Cambodia were of strategic importance to protect its national sovereignty. This is well manifested in the two Indochina Wars against the French and the US when Vietnam stood closely with Laos and Cambodia to fight for their independence. After gaining independence, Vietnam strengthened its ties with Laos through a number of agreements, including the 1977 Treaty of Friendship and Cooperation. This agreement allowed Vietnam to deepen its security cooperation with Laos. However, Vietnam's relations with Cambodia were complicated in the 1970s. After gaining control of their countries in 1975, relations between Vietnam and Cambodia – led by the communist Khmer Rouge – entered into a rough period. The Khmer Rouge regime implemented a genocidal policy against ordinary people living in Cambodia, including the Vietnamese and the Cambodian themselves, and pursued hostile relations with Vietnam.

Concerning its relations with the capitalist world, even before the US withdrawal from South Vietnam in 1973, Hanoi sought a solution for a political settlement with the US to end the war (Van, 2006). After the unification in 1975, Hanoi restarted its normalization negotiations with the US (Co, 2003). In retrospect, US Secretary of State Cyrus Vance was of the view that "the Vietnamese are trying to find a balance between overdependence on either the Chinese or the Soviet Union" (Vance, 1983). Therefore, the U.S. Department of State somehow viewed the Vietnamese initiative as being in harmony with its own goal in the region and globally during the 1976-1978 period. However, Vietnam's overriding quest to quickly reconstruct its economy and consolidate its unified statehood, while making rapprochement with the US, paradoxically drove the country "to insist on American reparations and ultimately miss their chance for normalization in 1977" (Hoang, 2004). The US-China rapprochement and China's improved relations with the West also closed the door for Vietnam to approach the capitalist world. This added another reason for Hanoi's suspicion about China.

3.2. China's Alliance Building Strategy

China's balancing strategy was implemented comprehensively at a global level. Beijing initially targeted the US as a potential coalition partner against the Soviet. However, Washington was not interested in this, as it continued to strengthen relations with Taiwan. For that reason, enhancing relations with the US based on economic interests and gradually fostering political cooperation was the alternative. Bilateral cooperation grew from 1971, marked by "ping-pong" diplomacy and the Americans established their embassy in China in 1979. The steady improvement of relations gave Deng the impression that China could count on at least silent acceptance of its intervention in Vietnam (Hummer, 1991; Hurst, 1996; Tretiak, 1979). Some even argued that China's belief was that by interfering in Vietnam, China would receive more support from the US.

Concerning Japan, China's priority was to form a subtle alliance based on economic cooperation and prevent Japan from providing aid to Vietnam (Shiraishi, 1990). This alliance was institutionalized in August 1978 as the two sides signed the Peace and Friendship Treaty. Japan with its enormous economic capabilities then actively supported China in its modernization. Nevertheless, relations gradually but increasingly became strained as Beijing still felt humiliated by the Japanese before World War II.

With regards to the Soviet Union after a short honeymoon period in the early 1950s, Sino-Soviet relations gradually turned sour. The PRC leadership realized that a significant cause of this conflict lay in the antagonism and lack of mutual trust. They then reached out to the USSR in order to mend the Sino-Soviet split, exemplified by the meeting of leaders of the two countries in Moscow in July 1963. An expected improvement of relations would in part ameliorate China's concerns in the region (Tretiak, 1979). However, differences in the development of socialist ideology, conflicting strategic interests and bitter historical relations prevented the two countries from mending their bilateral relations. Sino-Soviet relations deteriorated quickly in the late 1960s and 1970s. After the border conflict in 1969, China made attempts to enhance relations with the US and the West and tried to gain support from developing countries to form an alliance against Soviet "expansion" (Hilali, 2001).

In Southeast Asia, where China saw itself as having traditional influence, in the 1970s Beijing gradually abandoned its support for the communist parties in Malaysia and Indonesia and to mend and develop state-to-state relationships. This move allowed ASEAN countries to slowly come into terms with China, especially when they perceived Vietnam as building a hegermonic order in Indochina. However, China continued to support the Khmer Rouge and stood by Sihanouk in Cambodia. Nevertheless, Chinese influence over

the Khmer Rouge was limited and their support came without any serious conditions. Under the leadership of Deng Xiaoping, Chinese policies towards the Khmer Rouge in Cambodia went into a more "pragmatic" phase. The PRC established relations with the Khmer Rouge in a direct effort to curb Vietnamese, and by proxy Soviet influence in Cambodia (Buszynski, 1980). China's unconditional support for the Cambodian regime came out of a belief that any reduction of aid incurred the great possibility of its collapsing. This collapse had to be avoided by any means, as Vietnamese growing influence was then deemed unstoppable. At this point in time, the Chinese leadership was confronted with the need to support the Khmer Rouge regime no matter the cost (Buszynski, 1980; Ciorciari, 2014; Ross, 1991). In the late 1970s, the Chinese leadership decided to ramp up economic and military support to the Khmer Rouge (Buszynski, 1980).

4. The Failed Dynamic Balance and the 1979 China Attack

As previously noted, building alliances to balance the perceived threats was a salient self-help strategy both sides employed to a certain degree to deal with their perceived threats. This was manifested in diplomatic competition taking place throughout the Asia-Pacific. At the global level, China normalized its ties with the US and the West while Vietnam entered a defence alliance with the Soviet Union. In Indochina, whilst China sided with Pol Pot, Vietnam supported Hun Sen in Cambodia and signed with Laos the Treaty Of Friendship and Cooperation of 1977. This treaty provided for the stationing of Vietnamese troops and advisers in Laos in order to protect its security from the buffer zone (Evans and Rowley, 1990).

This dynamic balancing situation in Indochina was fragile for several reasons. Globally, global tension and the dynamic relations between great powers during the Cold War strongly influenced the perceptions and activities of smaller states in Southeast Asia. The Sino-Soviet split and their border conflict in 1969 added to this uncertainty. Regionally, Indochina was a hot battlefield and the outcome on the ground was the main driver deciding regional strategic outlook. Third, this balancing entails certain temporary and subtle alliances without common long term and strategic interests.

The balance was severely shaken by Vietnam's 1975 unification and collapsed when China's closest ally in Southeast Asia, the Khmer Rouge, and Vietnam entered a total war in December, 1978. It triggered a series of military conflicts enduring throughout the 1980s. Initially, the Khmer Rouge was promptly defeated by Vietnam and was almost knocked out of the balance. As a result, China was confronted with the most threatening possibility of being encircled by the Soviet-Vietnamese alliance (Kissinger, 1982).

To steer away from the concern after the Khmer Rouge was defeated and in an attempt to mediate the fragile balance in the region, Hanoi invited Sihanouk to return to Phnom Penh as head of the government (Chanda, 1986). It also desperately strove to actualize the normalization with the US. It seems that the Soviet Union implicitly supported these efforts, especially at the expense of Sino-US relations (Gin, 2015). However, China successfully controlled Sihanouk and blocked most of Vietnam's diplomatic manoeuvres. In November 1978, the US broke off talks with Vietnam on a post-war settlement partly because Hanoi and Washington was unable to reach consensus on the conditions for normalization and partly because the US-Soviet rivalry intensified and Washington managed to develop its relations with Beijing to enhance its leverage against Moscow.

For these reasons, the Sino-Vietnamese split became wider. China on the one hand labelled Vietnam as "invading Cambodia" and called for the attention of the international community, particularly ASEAN, about threats posed by Vietnam. At the same time, it fell into a dilemma recognizing that deterioration in Sino-Vietnamese relations had increasingly pushed Moscow and Hanoi closer together (Buszynski, 1980; Nguyen, 1979). Therefore, while hampering Hanoi's international image, Beijing was still open to negotiation with the Vietnamese. Nevertheless, their different strategic outlook in Cambodia led the two countries to seek directly opposite outcomes.

In the years leading to the Sino-Vietnamese border conflict, the two countries interacted intensively. On September 1975, in his conversation with Le Duan, Deng Xiaoping criticized the Vietnamese perception of "the threat from the North" ("Minutes of conversation", 1975). In return, Vietnam accused China of manipulating mutual disputes to aggravate bilateral relations and demonize Vietnam. To a certain extent, the two countries had held two contradictory versions of security threats in their external environments. As a consequence, rather than being venturous to deescalate the conflict, they fell victim to a security dilemma. China held firmly to the principle of conditionality, whereby its cooperation with Vietnam was dependent on Vietnam's acceptance of a pro-China stance (Amer, 1994; Path, 2012; Thayer, 1994). However, Sino-Vietnamese relations were strained by Vietnam-Soviet relations (Gompert et al., 2014; Nguyen, 1979; Simon, 1979).

Beijing was especially bold in taking action, including the use of military power against Vietnam, when Vietnam and the USSR signed a defence treaty in October 1978 and the Khmer Rouge was defeated in Cambodia. The fall of Phnom Penh caused panic in the Chinese leadership (Chang, 1982; Tretiak, 1979). So an attack against Vietnam would mainly aim to force the Vietnamese military to swich its focus up north, strain the Soviet-Vietnamese alliance, and lead to Vietnamese acquiecence of Chinese influence in South-east Asia (Buszynski, 1980; Segal, 1981).

Military action against Vietnam was diccussed in a PLA General Staff meeting on November 23rd 1978. Final decision for a limited, punitive war against Vietnam in January 1979 was decided in a December 7th meeting of the Central Military Commission (Zhang, 2005). The PRC proclaimed that it did not have the intention to occupy any territory but to "teach Vietnam a lesson" and was not a way of imposing dominance upon its adversary (McGregor, 1990; Ross, 1991; Segal, 1981). In addition, Beijing's decision to attack Vietnam also inferred that China's foreign policy was not based on ideology, facilitating its process of improving relations with the West. Before declaring war against Vietnam, Deng Xiaoping visited Washington and Tokyo and discussed with Jimmy Carter and Ōhira Masayoshi about his intention. In January 1979, the US and China officially normalized their relationship.

In the beginning phases of the conflict it seems the Chinese were out to weaken the Vietnamese and drag out the conflict to a situation where the Chinese could leverage a resolution more favourable to the PRC's interests in the region (Amer 1994; Chanda 1986; Hood 1990). Nevertheless, the Chinese government failed to achieve this goal. After its withdrawal from Vietnam, the Chinese leadership started actively to look for international support for a Vietnamese withdrawal from Cambodia. This process started in 1986 when Vietnam initiated its renovation strategy at the time the Soviet Union faced grave challenges and was about to collapse. When Vietnam proceeded with the withdrawal of troops from Cambodia and the Soviet Union was about to dissolve in the last years of 1980s, Hanoi quickly negotiated and improved its relations with China. The normalization of Vietnam's relations with China was followed by its relations with ASEAN countries, the US and the West. Although the perceptions of threats have not fully dissolved in Vietnam, the end of the Cold War and the collapse of the Soviet Union freed China's mind and the regional dynamic balance virtually came to an end.

5. Conclusion

The dynamics in international relations at a global level and in Southeast Asia in the 1960s and 1970s opened the way for a rise of the perceptions of security threats and subsequent security dilemma between China and Vietnam. To counter this situation, the two countries built up their alliances. As a smaller state, Vietnam responded at a regional level by moving closer to the Soviet Union and Laos and Hun Sen in Cambodia. However, it was unable to make a breakthrough in its relations with the US and the West. As a bigger country, China countered this situation at both global and regional levels. Globally, China countered the Soviet Union by promoting its leadership role in the Third World and improving its relations with the US and the West. In Southeast Asia, Beijing supported the Khmer Rouge and influenced Sihanouk

in Cambodia, improved its relations with Southeast Asian countries and blocked Vietnam from approaching the US and capitalist countries.

Vietnam's efforts after 1975 to prevent itself from entering another armed conflict were severely impeded by the international structure. The US and the West had relegated themselves to a peripheral role in Southeast Asia. They opted to not rock the boat on their relations with both China and the USSR and slapped Vietnam with economic sanctions. The Sino-Soviet split put Vietnam at a difficult crossroad. The Soviet Union provided Vietnam with certain security, but this came at the cost of restricting its relations to other states. An increasingly confident China could not accept a Soviet-friendly Vietnam and as such felt compelled to alienate its potential ally.

It seems that in the optimal scenario, Vietnam and China should have reduced their security dilemma by promoting confidence building measure, resulting in a sustainable and long-lasting peace and avoiding the bitter war in 1979. However, a veil of uncertainty and distrust, diametrically opposed interests and the perceptions of threats created a stalemate which was not easy to remedy. The Chinese pushback against Soviet-Vietnamese relations was a catalyst to strengthening exactly these ties. Similarly, Vietnam's concern about the Khmer Rouge-Chinese relations was also a factor driving the Khmer Rouge to seek Chinese support in an attempt to balance against Vietnam. In the end, the web of dynamic formal and informal alliances involving China and Vietnam in the 1970s in Southeast Asia only collapsed when the international structure changed with the collapse of the Soviet Union.

Notes

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Development of Peoples' Republic of China's Unmanned Aerial Vehicles (UAVs) and Its Impact on the East China Sea

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Abstract

This article analyzes the People's Republic of China (PRC)'s vibrant development of military unmanned aerial vehicles (UAVs) and their application in the East China Sea. Military UAVs have been proliferating around the globe, and their distinctiveness in low cost both economically and politically accelerates the proliferation. Economically, UAVs reduce costs of vehicles, operation and training of pilots compared to those of manned aircraft. Also, politically, they can lower the threshold of using forces in multiple ways. Thus, military UAVs can be used in bold intelligence, surveillance and reconnaissance (ISR) mission and provide information superiority to whoever use them, which can lead to strengthening influence on disputed territories. The PRC began to develop military UAVs since the 1950s copying technologies from the US and Soviet Union and is now competing with the US in UAV technologies. China is developing UAVs with a government-led top-down approach and lively cooperation among industries, academics and military and strives to expand her influence in the surrounding region. Since Xi Jinping was inaugurated in 2012, he has enforced aggressive policies to secure the control of the sea in the first island chain. Military UAVs are expected to be instrumental in Xi's strategy in the East China Sea where the PRC has been at odds with its neighbours. The PRC has deployed advanced UAVs such as the BZK-005 and WZ-7 in this region and is deemed to have employed them audaciously for ISR. In response, Japan and the ROC as well have developed and acquired lethal UAVs, which arouses concerns of regional instability.

Keywords: *China, UAV, drone, East China Sea, territorial disputes*

1. Introduction

The military UAV is a vibrantly proliferating weapon in the 21st century. While the number of countries with heavy UAVs was no more than eleven in 2009, after a decade, the number had reached up to 30 in 2019 (Munich Security Conference, 2019: 52). Also, the size of the global military UAV market has continuously been growing and is forecasted to grow up to $98.9 billion in 2025 (Teal Group, 2019). With the world's second biggest military budget in 2019 (Tian, Kuimova, Lopes da Silva, Wezeman and Wezeman, 2020: 2), the People's Republic of China (PRC) has been a driving force of the horizontal and vertical proliferation of military UAVs. As a non-participant of the Wassenaar Agreement (WA) and the Missile Technology Control Regime (MTCR) which partly restrict military UAV exports, the PRC faces no constraints on her overseas sales of military UAVs unlike the US. Table 1 shows the PRC's military UAV export from 2010 to 2018. Along with the PRC's growing military expenditure as well as UAV exports, its diplomatic policy has been changed in a more and more proactive way, from *taoguang yanghui* ("biding one's time while building up capability", 韜光養晦) to *heping jueqi* ("peaceful rise", 和平崛起) and to *fen fa you wei* ("striving for achievement", 奮發有爲) (Park, 2018: 207). In terms of military, the PRC has adopted the Anti-Access/Area Denial (A2/AD) strategy against the US influence and intervention around the region, especially in the South and the East China Sea (Tri, 2017). In this regard, the PRC has been expected to expand its influence in the East China Sea where several disputed areas are located including the Senkaku/Diaoyu Islands and the Taiwan Strait taking the benefit of the advanced military UAVs (Ying, 2016: 1-13; Cai, 2019: 68-92).

Thus, this paper studies the PRC's development in military UAVs and analyzes its impact on disputes surrounding the East China Sea. Conflicts in the East China Sea have been less evident than those in the South China Sea. While the PRC has been daring in the South China Sea utilizing the *fait accompli* on the disputed maritime region, she has been cautious in the East China Sea especially in countering Japan and other powers, all of whom are strongly allied with the US. Hence, the PRC's use of military forces in the East China Sea has been relatively constrained so far compared to her recent aggressive measures in the South China Sea. However, since the PRC has been developing advanced military UAVs, the new emerging technology is deemed to drop the threshold of military action such as ISR in the East China Sea so that her influence in the region could be strengthened.

In the next section, this paper analyzes the distinguishing features of overall military UAVs, which could lead to bold ISR missions. Section 3 studies the development and capabilities of the PRC's military UAVs. Subsequently, section 4 seeks to find out how the PRC deploy and employ UAVs in the East

Table 1 PRC's UAV Exports from 2010 to 2018

Recipient	Weapon	Year of order	Year of delivery	No. of weapons
Egypt	ASN-209	2010	2012-2014	18
	Wing Loong-I	2016	2017-2018	10
	Wing Loong-II	2018	unknown	unknown
Pakistan	CH-3	2005	2013-2016	20
	Wing Loong-I	2015	2015	5
Algeria	CH-3	2017	2018	5
	CH-4	2017	2018	5
Indonesia	Wing Loong-I	2017	2018	4
Iraq	CH-4	2014	2015	4
Jordan	CH-4	2015	2016	6
Kazakhstan	Wing Loong-I	2015	2016	3
Myanmar	CH-3	2013	2014-2015	12
Nigeria	CH-3	2014	2014	5
Saudi Arabia	CH-4	2014	2015	5
	Wing Loong-I	2014	2015-2017	15
	Wing Loong-II	2017	2017-2018	15
Turkmenistan	CH-3	2015	2-16	2
UAE	Wing Loong-I	2011	2013-2017	25
	Wing Loong-II	2017	2017-2018	15
Uzbekistan	Wing Loong-I	2013	2014	5

Source: Stockholm International Peace Research Institute (undated).

China Sea. Lastly, in conclusion, this paper elicits implications of the PRC's UAV deployment in the East China Sea for the region.

2. Distinctiveness of Military UAVs

Various studies have highlighted the low-cost aspect as a distinctive feature of UAVs. Analyzing profoundly this feature is critical to understanding expected outcomes in the proliferation and operation of UAVs in the PRC. This section attempts to analyze in detail the distinctiveness of military UAVs which is its low cost especially compared to that of manned aircraft.

2.1. Low Economic Cost

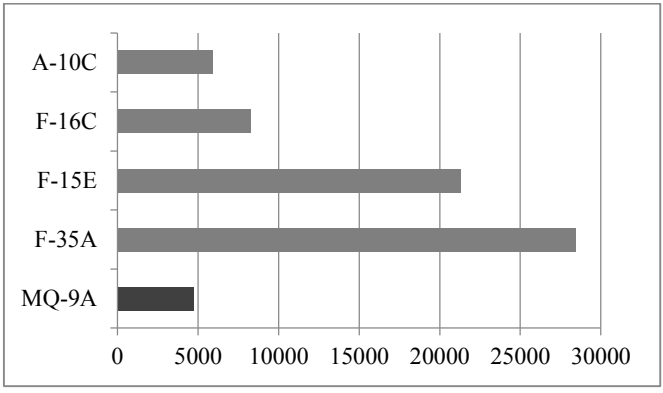
David H. Dunn (2013: 1239) explained that compared to manned aerial vehicles, UAVs are revolutionary technology because they are decreasing the cost of acquisition, operation and training of the weapon system. Amy Zegart

(2018: 14-15) also emphasized that the cost of operations with UAVs is much cheaper than other military options such as one battalion level of ground forces and manned aviation.

Although the capability of UAVs is left behind that of manned aircraft, nevertheless ongoing development of UAV technology has enabled UAVs to replace many roles of manned aircraft. In this vein, comparing the cost of acquisition between UAV and manned aircraft could be finitely meaningful. Zegart (2018: 15) suggested the cost comparison between the F-35 Joint Striker Fighter and XQ-58 (222) Valkyrie, one of the most advanced UAVs in the US, to show this distinct character. The price of a single F-35 is estimated to be around $122 million, while that of the XQ-58 (222) is expected to be around $2-3 million. Also, the PRC's up-to-date armed UAV, the CH-4, which has been exported to many states, is estimated to cost about $1-2 million (China Power Team, 2018), while the estimated cost of Chengdu J-10, one of the People's Liberation Army Air Force (PLAAF) fighter, is $41 million (Hornby, 2010).

The cost of operation for UAVs is also lower than manned aircraft to a certain extent. For instance, the air to ground attack mission such as close air support (CAS), which had been conducted mostly by manned aircraft, is recently operated by UAVs. In the US Air Combat Command, manned aircraft which are capable of CAS are the F-15E Strike Eagle, F-16C/D Fighting Falcon, F-35A Lightning II, and A-10 Thunderbolt II (International Institute for Strategic Studies, 2019: 55). The cost of operation per hour is substantially higher with these manned vehicles compared to that of the MQ-9A Reaper, which has proven its capability in a targeted attack in the various battlefields. Figure 1 below shows a clear gap in operating costs between human crewed aircraft and UAVs.

Figure 1 Cost of Operating US Fighter Planes (in US dollars)



Sources: McCarthy, 2016; Thompson, 2013.

Moreover, the cost of training pilots supports this distinguishing feature of UAVs as well. Hoffman and Kamps (2005: 36) made a comparison between the cost of the pilot training program for the B-52 manned aircraft and that of a UAV in their research. According to their findings, it costs $685,051 per pilot for the B-52, while only $13,000 was enough for training one UAV pilot. A similar analysis was conducted in 2014 and it was written that in the US Air Force, the Undergraduate Pilot Training course for crewed aircraft costs $557,000 per pilot, whereas for a parallel proficiency level, training of a pilot for remotely piloted aircraft (RPA) costs $65,000 (News Desk, 2014). According to a report by the RAND Corporation, even training one pilot for the most advanced UAV, MQ-9 Reaper, costs no more than $68,968 (Hardison, Mattock and Lytell, 2012: 14), while training a pilot for the F-35A costs $10,170,000 (McCarthy, 2016).

2.2. Low Political Cost

Plaw and Fricker (2012: 355) stated that "the drone strikes are a relatively low-cost tactic, not only in terms of US blood but also in terms of the degree of international criticism they have occasioned". Also, Brunstetter and Braun (2011: 343) pointed out that attacks by UAVs are less invasive than those with ground forces. To decision makers, the military operations with UAVs could lower the political cost of using armed forces in both domestic and international ways.

First, domestically, countries' use of armed forces have no way but to sacrifice people's lives since the birth of state-nations. This fact have made the threshold of using armed forces high so that the military has been considered as the last resort when no other alternatives are available. According to the Bureau of Investigative Journalism (as cited in Zegart, 2018: 14), during 568 times of airstrike by armed UAVs from 2002 to 2015, no US casualty was reported. In a 2015 US opinion poll conducted by the Pew Research Center, up to 58% of Americans supported the 'US Drone Strikes' while only 35% of respondents disapproved it. Among those that disapprove, a major concern was that the US drone strikes could "endanger civilian lives" in disputed regions (Pew Research Center, 2015: 1-5). This high level of support from the people enabled the Obama government to utilize UAV strikes, especially in Afghanistan. This domestic support for military operations with UAVs may not be much different in other parts of the globe.

Another part of the political cost is international reputation. In the 2015 poll mentioned earlier, 24% of people chose "Very Concerned" that UAV attacks "Damage America's reputation". States are concerned of international response and condemnation. Despite the 24% response, military options with UAVs arouse a lesser degree of international criticism than other means

of military action such as ground forces (Plaw and Fricker, 12: 355). This is because not only are UAV attacks less seemingly invasive and obvious (Fowler, 2014: 112-113), but it is also hard to figure out the genuine operator of UAVs immediately. This can been seen empirically through examples in the Korean peninsula and Kashmir, the disputed region between India and Pakistan. When the Republic of Korea (ROK) forces found unidentified UAVs around the military demarcation line (MDL) and even above the Blue House in 2014, the ROK suspected the Democratic People's Republic of Korea (DPRK). However, when the government of ROK made an allegation against the DPRK; instead, the DPRK government argued that those UAVs were the fabrication of the ROK. In another example, India and Pakistan have lodged accusations against each other several times concerning UAV airspace intrusion in 2019. However, neither of them acknowledged the other's accusation (Ghauri and Mir, 2016; Bremmer, 2019).

2.3. Daring ISR Operations with UAVs and Impacts on Territorial Disputes

The distinguishable character of UAVs in lowering the economic and political costs of using armed forces, thus could drop the threshold in the use of military force by eroding the deterrence among states (Boyle, 2013: 24-25). Furthermore, there is concern that the use of UAV could serve as "a coercive measure" (Brunstetter and Braun, 2011: 339; Horowitz, Kreps and Fuhrmann, 2016: 31). Zegart (2018: 10), as well, emphasized that UAVs increase the credibility of coercion by dropping "the risk of human lives", "the financial costs of action", and "domestic audience costs and international reputational costs". Boyle (2013: 27) warned that authoritarian regimes especially, might exploit the benefits of UAV as coercive instruments. How then would daring and even coercive employment of UAVs appear? Forms of employment might be hardly different from their typical activities.

According to a research by Easton and Husiao (2013: 5), primary missions of Chinese UAVs are "intelligence, surveillance and reconnaissance (ISR)", "precision strike", "electronic warfare", and "data relay". According to Gertler (2012: 4), in the US as well, military UAVs are performing similar missions – ISR and strike. Among missions stated above, ISR has been the initial and traditional mission of UAVs, as this new form of technology strengthens the capability in surveillance (Gill and Gill, 2016: 71; Boyle, 2013: 26; Davis et al., 2014: 2). The PRC also suggested that ISR is where UAVs can exhibit their merit (Chase, Gunness, Morris, Berkowitz and Purser, 2015: 2-3). With their capabilities of collecting high level of intelligence and distributing a massive amount of information, ISR UAVs satisfy demands of today's complex and rapidly changing environment, which allows commanders of advanced situational awareness (Brannen, Griffin and

McCormick 2014: 8; Gill and Gill, 2016: 71-72; Sun 2020: 17). Besides the low-cost aspects of UAVs, their prolonged endurance is another merit in surveillance, allowing them to loiter over contested territories for a long time as means of gathering information (Boyle, 2015: 115). Thus, with the lowered threshold of using forces, ISR operations with UAVs could appear in the form of coercion restraining counter-measures of neighbouring states which are relatively weaker than the UAV operator.

Empirical cases of ISR operation with UAVs have demonstrated the influence of the unique characteristics of UAVs, which allows decision makers to make daring employment of forces. One of the significant phenomena from this has been intruding the air space or the Air Defence Identification Zone (ADIZ) of neighbouring states or approaching war vessels of other states with UAVs. In 2019, this has been the issue in the Middle East, especially between the US and Iran. On June 20, 2019, Iran's Revolutionary Guard shot down the US RQ-4A Global Hawk, the high altitude long endurance (HALE) UAV which was flying around the Strait of Hormuz and argued that the US UAV intruded Iranian territory (Berlinger, Tawfeeq, Starr, Bozorgmehr and Pleitgen, 2019). Also, after less than a month later, the US shot down an Iranian UAV over the Strait of Hormuz alleging that the Iranian UAV approached the US vessel within 1,000 yards and had ignored numerous multiple warnings (Fredericks, 2019). Cases mentioned above between ROK and DPRK, and India and Pakistan can be interpreted in the same context.

Daring ISR operations provide states more information than before. And this means something in conflicts among states. The importance of information and its superiority has been unambiguously emphasized from old military volumes in both eastern and western societies. According to Sun Tzu (2000: 59-60), information which enables foreknowledge is critical in the art of war. He wrote that foreknowledge based on accurate information "enables the wise sovereign and the good general to strike and conquer, and achieve things beyond the reach of ordinary man." Also, Clausewitz (2010: 105-106) stated that the uncertainty which comes from the lack of information makes a critical feature of war itself and influence from this is "so great as to render the pre-determined plan completely nugatory."

In any form of conflict, dominance in the battlefield has been dependent upon information superiority which enables prioritization and targeting (Deakin, 2010: 13). The ability to collect accurate and timely information allows a faster tempo of the military operation, including situation analysis, decision-making and action. Moreover, if one could have adversaries remain in partial or erroneous information by dominating intelligence, hasty and poor quality decision-making of adversaries would follow. Consequently, an improved tempo from information superiority enables one's predominance in

any conflicts (Deakin, 2010: 13-14). Thus, a country's development of UAVs and subsequent daring ISR operations could lead to strengthening its influence on disputed territories.

3. Development in the PRC's UAV

3.1. Early Development

Despite the present advanced technology of Chinese UAV, the history of the PRC's UAV technology began with the acquisition of foreign UAVs and reversed engineering from them (Malhotra and Viswesh, 2014: 168). In the 1950s, the PRC acquired 20 Lavochikin-17s (La-17) from the Soviet Union and used them as targets in the training of weapons. When the Soviet Union withdrew its military support in the early 1960s after its alienation from the PRC, China developed its indigenous version of UAV named CK-1 (Chang Kong-1, "Vast Sky", 长空一号) in the 1960s, which was also used in the same way with the La-17 (Kania, 2018: 4). Since the 1960s, the PRC kept proceeding with the development of target drones to test ground-to-air as well as air-to-air weapons. To test air-to-air weapons, the PRC developed supersonic drones as well and successfully tested them in 1995, becoming the third country with supersonic drones in the globe (Kania, 2018: 5). In the 1960s, the capture of the US AQM-34 Firebee by shooting it down in Vietnam was another significant acquisition of UAVs in the PRC. The AQM-34 Firebee was also reengineered to the WZ-5 (Wu Zhen-5, 无侦-5) in the 1980s. However, unlike the CK-1, WZ-5 was principally employed for reconnaissance regarded as the most critical mission of UAVs today (Kania, 2018: 4).

3.2. PLA Modernization, Civil-Military Integration and UAV Institutions

In the context of PLA's modernization, UAV has been considered as a key weapons system to support the claims to maritime territories as well as enhancing a position in the global arms market (Chase et al., 2015: 2). Also, in a piece of Jane's research by Nurkin, Bedard, Clad, Scott and Grevatt (2018: 150-154), unmanned systems were pointed out as a critical component of the PLA's modernization for achieving its goals: near sea protection, power projection and intelligentized modernization. The development of the PRC's UAVs has been accelerated in recent years by the modernization of the PLA, including vibrant civil-military integration (CMI).

The PRC, which is spending the second largest defence budget in the world, has pushed forward PLA modernization along with strengthening the domestic defence industry with an ambition of being "a top-tier supplier in

the global arms trade" (US Office of the Secretary of Defense, 2019: 93). Accordingly, Xi Jinping initiated aggressive military reforms in December 2015 (Lafferty, 2019: 627). To support PLA's modernization, the science and technology (S&T) apparatus had to be reformed. Thus, the PRC established the strategic Commission of Science, Technology and Industry for National Defense (COSTIND) in 2015 and the S&T Commission in 2016. These two advisory groups facilitated and accelerated the goals of PRC. The first, COSTIND, has encouraged PLA's modernization – advising leaders of the military as well as the defence industry, while the latter has promoted innovation by emphasizing CMI (US Office of the Secretary of Defense, 2019: 96).

CMI could be defined as follows: "the process of combining the defense and civilian industrial bases so that common technologies, manufacturing processes and equipment, personnel and facilities can be used to meet both defense and commercial needs" (Bitzinger, 2004: 2). CMI is especially critical to the modernization of PLA for the distinctiveness of today's security environments: correlation between the development of military and economy, dual-use technology, demanding aspects of military development, and the informationized warfare (Lafferty, 2019: 633-637). Hence, the PRC's CMI reform has concentrated on resource sharing between civilian institutions and military and sought to merge two parts into one organically blended system so that the efficiency and effectiveness could be maximized at the end. Among many areas of weapon systems, the UAV industry must have been an essential part of PLA's CMI for the PRC has pursued a smaller but stronger PLA (Lafferty, 2019: 629-637). Also, to achieve *qiang jun meng* ("strong military dream", 强军梦) which is an indispensable part of *zhongguo meng* ("China's Dream", 中国梦) (Jian, 2019: 222), the PRC's military reforms have been oriented toward building an intelligent military that can dominate battlefields in the information age (State Council Information Office of the PRC, 2019: 13-22).

With national-level funding and vibrant CMI, numerous organizations are conducting vigorous research and leading development of UAVs. These organizations are:

– Nanjing University of Aeronautics and Astronautics; Nanjing Research Institute on Simulation Techniques/PLA General Staff Department 60th Institute; Northwestern Polytechnic University; Xi'an ASN Technology Group; Beijing Wisewell Avionics Science and Technology Company; Beijing University of Aeronautics and Astronautics; China Aerospace Science and Technology Corporation; China Aerospace Science and Industry Corporation (Chase et al., 2015: 4).

The PRC could proceed with its development in military UAVs by "a clear national strategy with a top-down approach" with state-lead strategic development under the control of the PLA (Malhotra and Viswesh, 2014: 167). Under national-level guidance, various advanced military UAVs have been developed by cooperative researches of industry-university and military-industrial complexes, as mentioned above.

3.3. PLA's UAVs and Their Abilities

Table 2 epitomises the various advanced military UAVs in the PRC. The Northwest Polytechnical University–Xi'an ASN Technology Group develops the ASN series of UAV which has been deployed in various forces in the PLA. This university–industry based corporation, also known as the No. 365 Research Institute, is the largest UAV production company and R&D base in China. Various ASN UAVs have been employed in the PLA: in the PLA Army, since the mid-1990s, the ASN-206 was introduced and subsequently the ASN-207 was adopted; in the PLA Navy, at least since 2011, the ASN-209 was fielded; in the PLA Air Force, the ASN-301 was introduced in 2017; lastly, the PLA Rocket Force has employed the ASN series for surveillance, reconnaissance, target position and damage assessment (Kania, 2018: 12-22). Among the series of ASN UAVs, the ASN-209, so called the Silver Hawk, is one of the most advanced UAVs in the PLA with a practical ceiling of

Table 2 Advanced Military UAVs in the PRC

Weapon	Max Altitude (m)	Max Range (km)	Max Endurance (hr)	Estimated Price ($)
ASN-209	5,000	200	10	Unknown
BZK-005	8,000	2,400	40	1 million
Wing Loong-I	5,000	5,000	20	Unknown
Wing Loong-II	9,900	1,500 (radius)	32	1-2 million
CH-4	14,440	2,750	30	1-2 million
CH-5	9,000	10,000	48	8 million
WZ-7	18,000	7,000	10	Unknown

Source: Xian Aisheng jishu jituan gongsi, undated; Biggers, 2015; Military Factory, 2018; Army Recognition, 2020; Military Factory, 2019; Gady, 2018; Lei, 2016; China Power Team, 2018; US-China Economic and Security Review Commission, 2013: 314.

5,000m, an endurance of 10 hours, a range of 200km, a maximum speed of 180km/h, and a maximum mission payload of 50kg (Xian Aisheng jishu jituan gongsi, undated). So far, the PRC has exported 18 ASN-209s to Egypt.

The Beijing University of Aero and Astronautics (BUAA), which has received funding from the 863 Program of the PRC's Ministry of Science and Technology, is where the BZK series was designed (Hsu, Murray, Cook and Feld, 2013: 7). The BZK-005 (Chang Ying, 长鹰), also known as the Giant Eagle, is sometimes compared with the US RQ-4 Global Hawk for its long-range reconnaissance capability but considering its range and altitude, is closer to the US MQ-1 Predator (Hsu et al., 2013: 8). This UAV is classified as the medium altitude long endurance (MALE) with an endurance of 40 hours, a payload of 150kg and a flight ceiling of 8,000m (Tan, 2018: 16). The BZK-005, so far, is not reported to carry any weapon unlike the US Predator, but mainly functions as an ISR asset (Mccaslin, 2017: 11).

The Pterodactyl (Yilong, Wing Loong, 翼龙) is another form of advanced UAVs in the PRC which has various variants designed by the China Aviation Industry Corporation (CAC)'s Chengdu Aircraft Design Institute (CADI) (Kania, 2018: 17). Unveiled in the Aerospace Exhibition (Zhuhai) 2010, the Wing Loong I is the MALE as well with a range of 5,000km, a ceiling of 5,000m and endurance of 20 hours (Military Factory, 2018). Also, its next version, Wing Loong II, was introduced in 2015. Air-to-air and air-to-ground combat capability is a distinctive feature of these variants equipped with bombs and missiles. Their weaponry options include "AKD-10 air-to-surface anti-tank missile, BRMI-90 90mm guided rocket, FT-7/130 small 130kg bomb with planar wing, FT-9/50 50kg bomb for drones, FT-10/25 25kg bomb, GB-7/50 50kg precision-guided munition (PGM), and GB-4/100 PGM" (Air Force Technology, n.d.). These have been vigorously exported to many countries such as Egypt, Pakistan, Indonesia, Saudi Arabia, UAE and Uzbekistan.

Another strong exporter contributing to the PRC's military trade is the CH (Cai Hong, "Rainbow", 彩虹) series developed by the China Aerospace Science and Technology Cooperation (CASC) (Hsu et al., 2013: 11). As a HALE, the CH-4 is capable of both reconnaissance and strike mission with two types, the CH-4A and the CH-4B. While the CH-4A is mainly deployed for ISR missions, the CH-4B could be equipped with armaments such as "anti-tank guided missiles (ATGMs) as well as precision-guided drop bombs – up to 770lb of ordnance." This type of UAV already has been used in battlefields by Iraqi and Saudi Arabian forces against the ISIS and Houthi rebels (Military Factory, 2019). The CH-5, a step forward from the CH-4, seems to have longer endurance and flight range than its previous version. The prototype of this UAV was displayed in November 2016 with its maiden flight in August 2015 (Gady, 2018). The CH-5 achieved the nickname of "air bomb truck" because it can carry 16 missiles at once (Pickrell, 2018). The CH-7 is

another model of the CH series. The most distinguishable feature of this type might be stealth or low observability at "a subsonic speed of 740 kilometres per hour" (Kucinski, 2018).

The Guizhou Aircraft Industry Corporation (GAC) has developed another HALE, the WZ-7 (Xiang Long, "Soaring Dragon", 翔龙). The WZ-7 was fielded in 2018 and is seemed to be deployed for ISR missions along the PRC's coastline for its A2/AD strategy with a range of 7,000km and an endurance of 10 hours (Hodgkins, 2016).

4. The PRC's Strategy and UAV Employment in the East China Sea

4.1. China's Dream, the East China Sea Policy, and Utilities of UAVs

Since Xi Jinping used the term *zhongguo meng* ("China's Dream", 中国梦) in his first address on March 17, 2013, which means "the great rejuvenation of Chinese nation", it has been a representative expression showing the PRC's ambitious rise (BBC, 2013). In his address in the Twelfth People's National Congress on 17th March 2013, Xi stated that the road to China's Dream should promote the spirit of China with patriotism in it (Xinhua, 2013). Moreover, in "the Eighth Collective Learning of the Politburo" in July 2013, Xi emphasized that building a great maritime power should be a part of the great revival of China to keep her robust economic development, to secure national sovereignty and interest, and to promote her flourishing society (Bae and Kim, 2014: 22-23; Hu, 2018: 19). The PRC's emphasis on maritime power could be found in the recently published Defence White Paper where the PRC stressed and specified her goals for the national defence such as "to defer and resist aggression", "to oppose and contain 'Taiwan independence'", "to safeguard national sovereignty, unity, territorial integrity and security", and "to safeguard China's overseas interests" (State Council Information Office of the PRC, 2019: 7).

The A2/AD is what the PLA has pursued to achieve the above strategic goals with capabilities to make long-range attacks against potential adversaries who could approach from the Western Pacific (US Office of the Secretary of Defense, 2019: 54-55). Thus, securing disputed offshore islands has been exceedingly crucial to conduct the PRC's strategy (Fravel, 2008: 267). To achieve these challenging tasks, the PLA created the idea of island chains. For the PLA, the concept of island chains is a defensive or offensive geographical perimeter for the maritime strategy of the A2/AD. Within the first island chain, which connects "the Kurils, the Japanese home islands, and the Ryukus to Taiwan, the Philippines, and Indonesia", the PLA is planning to "deny adversaries the ability to operate" (Vorndick, 2018). The first island chain was initially designated by John F. Dulles, the 52nd US Secretary of

State in the 1950s and has been used for containment or blockade of the Soviet Union and the PRC by the US during the Cold War era (Vorndick, 2018).

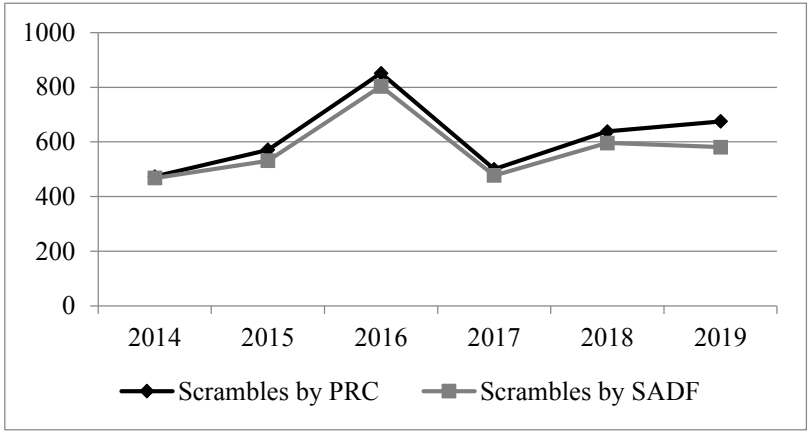
Thus, the first island chain is the fatal obstacle which could encircle the PRC and block the PRC's nautical activities (Yoshihara, 2012: 299) and thus is where the naval competition between the US and the PRC seems apparent (Qi, 2019: 6). Along the first island chain, the Bash Channel and Miyako Strait have been critical passages for the PRC as they connect the South and the East China Sea with the Western Pacific respectively. The PRC has expanded her naval and aerial military activities around these passages which are "principal entryway for the People's Liberation Army Navy (PLAN) into the Pacific Ocean" (Gady, 2019). Disputed regions in the East China Sea, Taiwan and Senkaku/Diaoyu Islands, are strategic points in this regard: the Bash Channel is a waterway between Taiwan and the Philippines and the Miyako Strait is that between Senkaku/Diaoyu Islands and Okinawa of Japan.

In this context, the PRC's maritime policy on the East China Sea in the 2010s turned into a more assertive way than in the 2000s. On 23rd November 2013, the Ministry of National Defense of the PRC unilaterally announced that she has established an Air Defence Identification Zone (ADIZ) in the East China Sea including Senkaku/Diaoyu Islands and Ieodo/Suyanjiao (Xinhua, 2013). Her new ADIZ overlapped the existing ADIZ of the ROK, Japan as well as the Republic of China (ROC, Taiwan), which revealed the PRC's aggressive change in policies in the region after Xi's inauguration (Reinhard and Elias, 2015: 6-7).

The PRC has expressed her strong desire to change the status quo, although it does not seem to use military powers overtly in the near future (Yang and Li, 2016: 149). For instance, the PRC deems to seek a change in the status quo of the Senkaku/Diaoyu Islands from Japanese exclusive control to joint control by both countries (Yang and Li, 2016: 145). The PRC has been patrolling disputed islands with law enforcement ships and aircraft, exploiting low-level coercive provocations around claiming areas, and seeking slow progress with negotiations (Duchâtel, 2016: 21). In Figure 2, statistics released from the Ministry of Defense of Japan show vibrant flights of aircraft from the PRC and those of the Southwestern Composite Air Force of Japan mainly countering flights of the PRC above the East China Sea.

In this context, the PRC emphasized the importance of situational awareness of where she has claimed her sovereignty to protect her rights and enforce the law (State Council Information Office of the PRC, 2019: 14). It is inconceivable to find other forms of operation prerequisite to achieve the above goals besides ISR (Cronin and Neuhard, 2020: 19). Advanced military UAVs must be a perfect fit for expanding maritime situational awareness and are expected to be operated in ISR by the PLA to control disputed territories (Jennings, 2019). Many reports by US officials as well have stated that

Figure 2 Number of Flight Scrambles by the PRC and Japan's SADF in the East China Sea (2014-2019)



Source: Joint Staff, Ministry of Defense of Japan, 2019; 2020.

"UAVs will probably become one of the PLA(N)'s most valuable ISR assets in ongoing and future maritime disputes and protection of maritime claims" (Karotkin 2014: 10; O'Rourke 2018: 114). Also, studies from the ROC analyzed that the PRC's military UAVs are capable of being strategic weapons in A2/AD considering their long flight duration as well as heavy payloads (Ying, 2016: 11; Cai, 2019: 68). Moreover, recently developed long-range UAVs in the PRC definitely will advance capabilities for ISR (Chase et al., 2015: 4), without detracting from her allegedly love of peace (State Council Information Office of the PRC, 2019: 14).

4.2. UAV Deployment and Employment in the East China Sea

The PLA allegedly activated two UAV brigades in the Air Force – 178th and 151st UAV Brigades, and also two UAV regiments in the Navy – one in the South East Fleet and the other in the East Sea Fleet. The UAV Regiment in the East Sea Fleet is headquartered in Daishan Air Base, Zhejiang province and equipped with BZK-005, BZK-007 and ASN-209 (Gettinger 2019: 13). The East Sea Fleet is mainly responsible for the East China Sea and Taiwan Strait (US Office of Naval Intelligence, 2009: 13). The ASN-209 has been detected in the East China Sea since 2011 from satellite images (Gettinger, 2018). With a range of 200km, ASN-209s can conduct ISR missions around coastal waters or launch from naval ships.

The BZK-005 seems to have been deployed in Daishan since 2013 (Kania 2018: 15). According to satellite imagery in 2015, at least three BZK-005

were stationed off the coast of the East China Sea (Jamestown Foundation, 2016). The deployment of BZK-005, the MALE UAV whose range is extended to 2,400km could be threatening to neighbouring states because when launched from Daishan Island or Ningbo in Zhejiang Province, they could cover the Senkaku/Diaoyu Islands, Japan's Southwest Islands and all of the ROK's territories (Mccaslin, 2017: 13).

Moreover, seven of the WZ-7 were fielded on three strategically critical airbases, three at Shigatse in the Tibet Autonomous Region, two at Lingshui on Hainan Island, and two at Yishuntun in Jilin province (Bellingcat Investigation Team, 2018). As a HALE whose range is up to 7,000km, the deployment of the WZ-7 in Hainan Island is expected to exercise an effect on the East China Sea as well, although Hainan Island is bordering the South China Sea (Kania, 2018: 17; Axe, 2019). Considering the three balanced positions of WZ-7 and its expansive range, the PRC seems to plan to cover both the South and the East China Sea with allegedly two HALEs in Lingshui.

In the East China Sea, the PRC has collided with Japan and the ROC over the Senkaku/Diaoyu Islands and the sovereignty of the ROC respectively. The Senkaku/Diaoyu Islands which have been controlled by Japan since 1895 have been a subject of the territorial dispute among Japan, the PRC, and also the ROC. The PRC has argued that numerous historical literature from the Ming dynasty gave proof of her ownership over the islands while the ROC, as well, put forward the "Illustrations of Taiwan (*Quantai Tushuo*)" which was written by a prefect in the Qing dynasty, to support her claim (Kawashima, 2013: 123). In addition, both the PRC and ROC have asserted that Japan annexed the islands after its victory in the First Sino-Japan War in 1895 and the subsequent Treaty of Shimonoseki, but should have returned the islands in 1945 when it surrendered in World War II (Su, 2005: 28). On the other hand, Japan has asserted that the islands were discovered by Japanese businessman Koga Tatsushiro in 1884 and were incorporated into Japanese territory since 1886 (Suganuma, 2000: 96-98).

The PRC's UAVs have been found around the Senkaku/Diaoyu Islands several times, and some of them aroused severe tension between the PRC and Japan. On 9th September 2013, a Chinese UAV conducted reconnaissance and intruded into Japanese airspace above the Senkaku/Diaoyu Islands while a Japanese F-15 fighter scrambled in response. The Japanese government announced new rules of engagement for drones stipulating that any foreign UAVs intruding Japanese airspace could be qualified as a target when it ignores warning to leave. These new rules of engagement stimulated the PRC to react with no apology against Japan's condemnation over the UAV intrusion in September. The PRC warned that any intercepting of Chinese UAVs by Japan could be regarded as "an act of war" (Gettinger, 2013).

Due to the deteriorated relations with China, the Japanese government decided on January 2014 to buy three Global Hawks – long-range unmanned surveillance aircraft – from the US and explained its decision was based on reactions against China's aggressive actions in disputed maritime areas as well as North Korea's nuclear and missile threats (Robson, 2014). Gettinger wrote that this accident showed how drones could lower the boiling point of territorial disputes (Gettinger, 2013).

Another case of airspace intrusion by UAV was reported on 18th May 2017 by the Japan Coast Guard. Accordingly, four ships of the Chinese Coast Guard intruded into Japanese waters and loitered around for two hours. The Japanese Coast Guard also found one drone with the Chinese vessels, although of which type was not confirmed (*The Japan Times*, 2017). The maritime area where Chinese ships entered was 12 nautical miles away from Uotsuri which is the main island of the Senkaku/Diaoyu Islands (Burke and Sumida, 2017; Joint Staff, Ministry of Defense of Japan, 2018: 6).

UAVs of the PRC also seem to have played an important role in strengthening her dominance in the Taiwan Strait and surrounding maritime areas. The ROC, also known as Taiwan, has been an independently governed island since 1949. According to the PRC's 'One China' principle, Taiwan is no more than a province of the PRC and allegedly agreed with this idea by signing the 1992 Consensus between the Chinese Communist Party (CCP) and the Kuomingtang (KMT) political party. However, Taiwan's President Tsai Ing-wen declared the rejection of the consensus and implied the future official independence of Taiwan in her January 2019 speech (Albert, 2019). The tension around the Taiwan Strait has been escalated, as the PRC intensified its military exercises against Taiwan since President Tsai Ing-wen from the pro-independence Democratic Progressive Party was elected in 2016, as well as the continuation of the Sino-US trade war (Lin, 2019). In addition, the Trump administration has sought to deepen ties with Taiwan since the inauguration.

In June 2013, the *Taipei Times* published a concerning article titled "China developing drones to spy on Taiwan: study" which quoted a study from the US-China Economic and Security Review Commission (Lowther, 2013). The study warned that "shorter-range UAVs could perform ISR on fixed and mobile targets on Taiwan and in the Taiwan Strait" (Hsu et al., 2013: 5). The warning from the study became a reality through a case on 24th July 2019. On this day, the US Navy cruiser sailed through the Taiwan Strait for a cause of the freedom-of-navigation against China's condemnation (Ali and Wu, 2019). Against the sailing of the US Navy, the PRC responded by launching a WZ-7, the PLA's long-range reconnaissance UAV, above the Taiwan Strait to keep tabs on the US Navy cruiser (Axe, 2019).

To be brief, the PRC has deployed numerous types of advanced UAVs around the East China Sea and seems to employ them to strengthen her influence in the region, especially the Senkaku/Diaoyu Islands and the ROC. The PRC seeks to achieve information superiority through active ISR mission with UAVs, which has aroused the concerns of neighbouring states.

5. Conclusion

The development of PRC's UAV capability is expected to strengthen her situational awareness and increase her influence in the East China Sea. With their distinctive low cost character, UAVs allow states to gather information more fearlessly through ISR missions without triggering prompt confrontation of other states. As the PRC is planning to expand her influence in the region and perceives that securing adjacent seas is highly crucial for her strategy, UAVs might be a useful tool to achieve her goals. UAVs could lead to more active ISR in the East China Sea considering the PRC has been cautious so far in this region. The PRC's approach in maritime disputes in the East China Sea will be to utilize fissures between her neighbouring states and the US and try to change the status quo of the region gradually into favourable conditions for her (Cooper, 2018).

The vibrant UAV development in the PRC seems to trigger a counter development or acquisition of UAVs in neighbouring states. Japan is planning to take delivery of three RQ-4 Global Hawk drones – the long-range ISR UAV in the US Forces (Kelly, 2018) while the ROK has recently been delivered four RQ-4 (Panda, 2020). Also, the ROC which received approval of a $2.2 billion arms package from the US has unveiled a suicide UAV, the Jian Hsiang drone at the Taipei Aerospace and Defence Technology Exhibition in August 2019 (Chung, 2019). Neighbours of the PRC, as well, are expected to utilize the benefits of UAV to satisfy their information requirements to counter the development of the PRC's UAV and its impact on their disputed maritime areas. What could be worrying is that the competitive development of UAVs in the region might trigger militarized interstate disputes or precarious arms race among these militarily advanced states around the East China Sea.

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Note

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Lenin and the Debate on Chinese Socialism among PRC Soviet-watchers in Early 1980s China

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Abstract

After the death of Chairman Mao Zedong, when China gradually initiated reform and open door policies, Soviet leaders' political agendas were no less appealing to post-Mao China than were Western agendas. This paper will show that Chinese scholars made tactical use of the writings and programs of Vladimir Lenin; this was done to grasp the nettle of Chinese socialism in the early 1980s, after the disastrous Cultural Revolution.

According to the secondary scholarship, Chinese Sovietology after 1991 has consistently emphasized the role of the last Soviet leader Mikhail Gorbachev and his policies, which (in the eyes of the Chinese communist regime) brought about the downfall of the Soviet empire. In reality, however, Chinese Soviet-watchers were researching various Soviet leaders throughout the 1980s and 1990s – and particularly Lenin, who featured prominently in Chinese writings and claimed equal importance to Gorbachev. In the early 1980s, Chinese scholars used the first Soviet leader, Lenin, and his writings to rebuild faith in socialism and to disperse scepticism of the Chinese communist regime after the disastrous Mao era. While some pieces of work resorted to using Lenin's socialist humanism to attack Maoism and Chinese communist rule, most of the time Chinese scholars used Lenin to strengthen the weakening legitimacy of Chinese socialism without tarnishing the image of Mao, and to command support for new leader Deng Xiaoping's open door policy and future reforms. Their main argument pointed out that Lenin's moderate approach to socialism should be China's model after Mao.

Arriving at the conclusion of this paper, first, Lenin's name could be used to help rally Chinese communists against the radical policies that had long prevailed. On many issues, his views were introduced in an effort to justify new policies or rally support behind new proposals in the early 1980s. His stand was invoked to weaken the hold of Maoist remnants in favour of utilising all possible resources for economic construction, and to support reformers in their pursuit of more sweeping changes. Having said this, the

use of Lenin was by no means for leading the attack on Mao, but rather for defending the legitimacy of Chinese socialism founded by the Chairman. His theory was intended to help save the Chinese communist regime that had been paralysed by the Cultural Revolution. The first Soviet leader was seen by Chinese officials and scholars as an epitome of the new kind of image the Party forged for itself after the maelstrom of the Cultural Revolution. The Chinese writings played on these positive associations of the Grail of Lenin, making him the moral centre of its representation of post-Mao China.

Keywords: *Deng Xiaoping, Lenin, Mao Zedong, Socialism, Chinese Soviet-Watchers, the Soviet Union*

1. Introduction

After Mao Zedong, Chairman of the Chinese Communist Party (CCP), died in 1976, the People's Republic of China (PRC) was on the brink of a precipice: the country needed to deal with its dire economy, and the people needed to heal the trauma of the decay of social morale. Most importantly, the Party was facing the two mammoth tasks of rebuilding state institutions and restoring its citizens' faith in communism; both of these had been heavily ravaged by Mao and his radical socio-political movement of the Cultural Revolution (1966-1976).

The paper will examine how Chinese officials and PRC Soviet-watchers used the first leader of the Soviet Union – Vladimir Lenin and his works to rebuild the faith of socialism and disperse scepticism on the CCP regime in the early 1980s. While some pieces of Chinese writings resorted to socialist humanism defined by Lenin for attacking Maoist terror and the Chinese communist rule, most of the time the writings exploited the spirit and letter of Lenin to strengthen the weakening legitimacy of Chinese socialism without tarnishing the image of Mao, and to command support for Chinese new leader Deng Xiaoping's open policy and future reforms after the disastrous Mao era.

According to the secondary scholarship, Chinese Sovietology after 1991 has consistently emphasized the role of the last Soviet leader Mikhail Gorbachev and his policies, which (in the eyes of the Chinese communist regime) brought about the downfall of the Soviet empire in 1991 (Guan, 2010: 509-514; Rozman, 2010: 464; Shambaugh, 2008: 48, 56 & 81; Wilson, 2007: 272). In reality, however, Chinese Soviet-watchers were researching various Soviet leaders throughout the 1980s and 1990s – and particularly Lenin, who featured prominently in Chinese writings and claimed equal importance to Gorbachev. In the early 1980s, Chinese scholars used the first Soviet leader, Lenin, and his writings to rebuild faith in socialism and to disperse scepticism

of the CCP regime after the disastrous Mao era. While some pieces of work resorted to using Lenin's socialist humanism to attack Maoism and Chinese communist rule, most of the time Chinese scholars used Lenin to strengthen the weakening legitimacy of Chinese socialism without tarnishing the image of Mao, and to command support for new leader Deng Xiaoping's open door policy and future reforms. Their main argument pointed out that Lenin's moderate approach to socialism should be China's model after Mao.

2. Methodology and Sources

With respect to primary sources, it should be mentioned here that this research is based primarily on the "national core journals" (*Guojiaji hexin qikan* 国家级核心期刊) published in the PRC, and mainly on the following four categories of journals.

The first are those journals focusing on research in the humanities and social sciences in general (*Shehui kexue yanjiu* 社会科学研究 Social Science Research, *Shijie jingjiyu zhengzhi* 世界经济与政治 World Economics and Politics). Second are those journals dealing with problems of socialism or communism in the world (*Dangdai shijie shehui zhuyi wenti* 当代世界社会主义问题 Problems of Contemporary World Socialism, *Shehui zhuyi yanjiu* 社会主义研究 Socialism Studies). The third group forms the core of this study; they concentrate on questions and issues relating to the former Soviet Union (later the Russian Federation and other Commonwealth Independent States after 1991) (*Sulian dongou wenti* 苏联东欧问题 Matters of the Soviet Union and Eastern Europe, *Eluosi yanjiu* 俄罗斯研究 Russian Studies). Lastly, the research scope also included relevant articles in various university journals (*Zhongguo shehui kexueyuan yanjiu shengyuan xuebao* 中国社会科学院研究生院学报 Journal of Graduate School of the Chinese Academy of Social Sciences, *Zhonggong zhongyang dangxiao xuebao* 中共中央党校学报 Journal of the Party School of the Central Committee of the CCP).

All the journals selected for this research accept submissions from all over China.[1] Most (but not all) of the contributors are academics, and the journals maintain acceptable quality standards and have a good reputation in the Chinese academic world. Some of them, such as *Sulian dongou wenti* (Matters of the Soviet Union and Eastern Europe 苏联东欧问题) and *Shehui zhuyi yanjiu* (Socialism Studies 社会主义研究), are the very best PRC journals in their fields.

In order to clear up previous misunderstandings about Chinese research on the issue, the researcher has chosen a different approach to re-examine the field. First, the article will focus on the publications in the bimonthly official journal of *Sulian dongou wenti* (Matters of the Soviet Union and Eastern Europe or MSUEE 苏联东欧问题) as the primary source for analysis. The

journal is published by the Institute of Russian, East European, and Central Asian Studies (*Eluosi dongou zhongya yanjiusuo* or IREECAS 俄罗斯东欧中亚研究所), which is the largest powerhouse in research of the former Soviet Union in the PRC. The institute is affiliated with the Chinese Academy of Social Sciences (CASS) – China's most prominent organisation specialising in the humanities and social sciences and under the control of the State Council and Party supervision. The IREECAS journal not only publishes articles written by the IREECAS' employed scholars, but also accepts submissions contributed by other scholars across China. It can thus be used as a medium that reflects the historical development of Soviet studies in China.

Second, the investigator will also examine other PRC humanities and social science publications regarding the research on the Union of the Soviet Socialist Republics (USSR), mostly focusing on the four categories of journals previously classified. By engaging these publications (either from the IREECAS journal or others) the study will pay attention to various thematic research topics diverging in focus and analysis in the early 1980s. Such a methodology may reduce a certain bias on subject and instead direct the audience to review the issue from a more objective perspective.

Moreover, the article intends to examine the thinking of Chinese Soviet-watchers against the backdrop of political and social changes in early 1980s China. The study will be based not only on the analysis of primary sources already undertaken, but will also attempt to locate the developments of Chinese Soviet research amid the rapid changes in the social and political environment of China. Therefore, in order for this research to be successfully located in the rich fabric of the intellectual activities of contemporary China and in the changing environment, the investigator has also identified the following three kinds of documents that may be beneficial to the research:

- ***Articles in PRC official newspapers and journals concerning aspects of the former Soviet Union***: *Renmin Ribao* (人民日报 *People's Daily*, owned by the CCP Central Committee); *Guangming Ribao* (光明 日报 *Guangming Daily*, published by the CCP Central Propaganda Department); *Beijing Review* (China's only national English weekly news magazine published in Beijing by the China International Publishing Group), etc.
- ***Writings and speeches of PRC officials and leaders on the matters of the Soviet state***: such as those of Mao Zedong (毛泽东) and Deng Xiaoping (邓小平), and other contemporary Chinese leaders' related speeches scattered among the current Chinese newspapers.
- ***Chinese and English translations of works and speeches of Lenin***: as Chinese scholars always cite the words of Lenin to support their

arguments in articles, it is important for the researcher to check the accuracy of those quotations.

The use of the term "Soviet-watchers" (or Sovietologists) in this article for those who study and research the state of the USSR is based on Christopher Xenakis' definition. Xenakis defines US Sovietologists broadly, to include "political scientists, economists, sociologists, historians, diplomats and policy makers, working in academia, government, private think tanks, and the media" (Xenakis, 2002: 4). He uses the terms "Sovietologists", "Soviet experts", "foreign policy analysts", "Cold War theorists", and "political scientists" interchangeably, citing the examples of George Kennan, Zbigniew Brzezinski, Richard Pipes and Strobe Talbott. These individuals are both Soviet-specialists and policy makers, while Hedrick Smith and Robert Kaiser are also Soviet-watchers and journalists simultaneously (Xenakis, 2002: 4). For the sake of conforming to the Chinese context and the convenience of narrative, the author will use the term "Soviet-watchers" (instead of Sovietologists) throughout the article.

In terms of this elastic definition of the field and the diversity of scholars' backgrounds, the situation in China is generally similar to the situation in the US as described by Xenakis. For example, as we shall see, although some Chinese scholars specialize in either Soviet or world communism, most of those mentioned and quoted in this paper are generalists rather than specialists in Soviet studies. Their articles often express more political zeal than scholarly expertise or analytical insight. Generally speaking, the descriptions by Xenakis of US Sovietologists could also be applied to the Chinese situation. Chinese Soviet-watchers are a diverse group, rather than representatives of a single school of thought or central theory. Their publications never imply a complete homogeneity of views. However, although their academic training is in different disciplines and by no means confined to Soviet studies, their research and publications are relevant to Soviet research in one way or another.[2]

Almost all Chinese Soviet-watchers included in this article come from the following three kinds of institutions: the first is IREECAS in CASS and it carries a great deal of weight in Soviet studies in China. IREECAS is also the headquarters of the Chinese Association of East European and Central Asian Studies (CAEECAS), which administers the membership of Chinese Soviet-specialists across the country. Second, the research scope also pays attention to scholars in Soviet studies from other institutions in CASS, such as the Institute of World History and Institute of Marxism-Leninism. Last, the investigation includes Chinese Soviet-watchers from provincial academies of social sciences and other universities (including the party schools), particularly to those with units, departments, and journals devoted specifically to research on the USSR.[3]

3. The Symbolic Effects of Lenin

In the Third Plenary Session of the 11th Central Committee taking place in late 1978, which signalled CCP's complete departure from past Maoist politics and opened the door for future reforms, Deng Xiaoping, chairman of the Party Central Committee and the *de facto* Chinese new leader, stated that China's most imminent problems were its self-isolation and economic and technological backwardness (Deng, 1995a: 235). After the passage of time, he increasingly realized that Mao's legacy in China largely consisted only of spiritual and moral disruption (Deng, 1995b: 308). In Deng's mind, it was not only the leftist ideology that was inimical to China's coming post-Mao reforms. Since the emergence of the Democracy Wall movement in 1978/1979, Deng increasingly felt uncomfortable with China's widespread scepticism of socialism, which had been bred by decades of Maoist terror.[4] After squelching the Democracy Wall movement, Deng seriously criticized "a small number of persons" who had attacked the CCP by "raiding Party and government organizations," and "slandering Comrade Mao Zedong." He argued that "it is not enough for us to keep on resolutely eliminating the pernicious influence of the Gang of Four," and warned, "Both the ultra-Left and Right currents of thought run counter to Marxism-Leninism and Mao Zedong Thought and obstruct our advance towards modernization" (Deng, 1995c: 175). In order to shore up the post-Mao regime, Chinese officials and scholars in the early 1980s acted in concert to find the right formula from the creeds of the first Soviet leader Vladimir Lenin. They hoped to clean up the dregs of Maoism and restore what they saw as true socialism, as well as to discourage deviation from Marxist orthodoxy.

Two significant articles were published in *Renmin ribao* (人民日报 *People's Daily*) in 1980, one of which was produced by the CCP Central Compilation and Translation Bureau, and the other of which was written by IREECAS scholar Song Hongxun (宋洪训). Both articles reiterated Lenin's teaching that it is compulsory to persevere in the priority of economic construction, once proletarian revolution has taken hold in a culturally and socially backward country like China. Both articles concluded that economy, not politics, is the linchpin for consolidating the proletarian dictatorship (Zhonggong Zhongyang Bianyiju, 1980; Song, 1980).[5] Referring to Lenin's work, Qi Shirong (齐世荣) a professor of history at Beijing Capital Normal University, emphasized that "violence is by no means of the essence of proletarian dictatorship" (Qi, 1980: 15).[6] Chun Yuyu (淳于毓), a professor in the Institute of Contemporary Socialism at Shandong University, strongly criticized China's past abuse and mechanical understanding of "continued revolution" (*buduan geming* 不断革命). Chun brought in Lenin's speech to emphasize that exaggerating the importance of revolution had been destructive for China in the past (Chun, 1983: 54-55).[7]

On the other hand, another group of works played a role in safeguarding the role of Chinese socialism by quoting Lenin's phrases. In 1980, an article appeared in the *Beijing Review* commenting on the case of former PRC statesman Liu Shaoqi (刘少奇), whose course for modernization had been rejected in political struggle and who died at the hands of Mao in 1969; the article eulogized Liu's great contributions to the Chinese revolution. The editorial took advantage of the posthumous rehabilitation of Liu in 1980, to demonstrate that the CCP "has restored the true qualities of Mao Zedong Thought," and "has firm unity within its ranks and firm unity with the people" (*Beijing Review*, 1980: 13). The article quoted Lenin's following words to pay respect to the CCP and defend its position:

> The attitude of a political party towards its own mistakes is one of the most important and surest ways of judging how earnest the party is and how it in practice fulfils its obligations towards its class and the toiling masses. Frankly admitting a mistake, ascertaining the reasons for it, analysing the conditions which led to it, and thoroughly discussing the means of correcting it – that is the hallmark of a serious party (*Beijing Review*, 1980: 13).[8]

In scholarly writings, while in complete agreement with reinstating socialist humanism (*shehui zhuyi rendao zhuyi* 社会主义人道主义) in Lenin's terms, Ma Jihua (马积华), a researcher at the Shanghai Academy of Social Sciences, considered humanism to not be an abstract concept. He remarked that many slogans derived from bourgeois humanism, such as "freedom, equality, fraternity, democracy, and human right," are "oppositional to Marxism-Leninism" (Ma, 1984: 13).[9] After encapsulating all the essentials of Lenin in constructing socialism in an economically backward country, both Wu Renzhang (吴仁彰 an IREECAS scholar) and Xu Pohan (徐博涵 director of the Institute of Scientific Socialism at the Shanxi Provincial Academy of Social Sciences) averred that, while focusing on the productive forces is indispensable, the most fundamental tenet of Leninism is upholding the proletarian dictatorship and communist one-party rule (Wu Renzhang, 1981: 4; Xu, 1984: 82).

The two categories of writings above are not contradictory but complementary to each other. Both Party mouthpiece papers and scholarly works adroitly manipulated the tenets of Lenin's thought, in an attempt to renew the CCP legitimacy after the discredited Maoist era. They did this by undercutting the position of residual radical and conservative forces, and arresting the cynicism and crisis of faith in communism – two of the biggest political and ideological tasks haunting Deng's early rule.

To confront the post-Mao crisis, the early Deng regime also attempted to find a way to overhaul the outdated Maoist institutions. Deng once boiled down all his thoughts on Party reform in a talk to an enlarged meeting

of the Politburo in 1980. His standards consisted of several elements, such as institutionalisation of the Party system, facilitating the economy, parrying the errors done by the Cultural Revolution, and most importantly, strengthening but not enervating the Party dictatorship (Deng, 1995d: 319-41). Deng's concept of Party democracy was no different to that of Mao, who viewed "the extension of democracy in the party" as a way to "strengthen discipline" and "an essential step in its consolidation and development" (Mao, 1965a: 205).

Deng did not regard Mao as having created the wrong system; rather, it was the bad elements of the system that distorted Mao's behaviours.[10] Most importantly, Deng perceived that Mao had actually undermined the CCP during his rule, so it was essential for the post-Mao political reform not to de-centralise the Party power, but to reinforce it for ruling the PRC more effectively (Deng, 1995b: 297-300). This thesis has been corroborated by Frank Dikötter and Michel Bonnin. Both scholars argue in their books that Mao's numerous mass political campaigns not only destroyed the social fabric of China, but also hollowed out the communist ideology and ultimately buried Maoism. After the departure of Mao, the new CCP leadership realised that the prior personalized and dogmatic politics had led to bureaucratic inefficiency, and the absence of systems of responsibility and administrative regulations (Dikötter, 2016; Bonnin, 2013).

To keep up the tempo, Chinese scholars took great efforts to invoke Lenin's writings and the early Soviet rule for promoting China's socialist political reform (or, more accurately speaking, administrative reform). First, China under Mao had suffered from rampant bureaucratism, and curbing the infestation of bureaucratic practice was a major agenda of Deng's political reform (Deng, 1995d: 320). Some writers remarked that, according to Lenin, the root of bureaucratism is found in the legacy of old society, feudalism and colonization (Huang, 1980: 65; Mao, 1981: 26). Others argued (by drawing on Lenin's works) that the disease of Soviet bureaucratism had originated in the Tsarist tradition, the pathetic economy, and a low level of education of the masses before 1917 – the founding year of the Soviet Union (Zheng, 1982: 8; Xu, 1982: 12; Wan, 1985: 33).

As a commentator in *Beijing Review* pointed out, in Lenin's view all the Soviet Union's problems after the October Revolution could be traced back to its "semi-Asiatic conditions."[11] China, according to the author, "was much more backward than Russia in Lenin's time," and the past backslide of the Cultural Revolution was a "typical feudal-bureaucrat autocracy home-grown on the ruins of the millennia-old feudal empire." The commentator finally suggested that the CCP was only "a victim of feudalism," and "eliminating the influence of feudalism institutionally and ideologically, therefore, is necessarily an urgent task in Party building in the period ahead" (Ruan, 1980:

17-19). The conclusion of these arguments can be summed up as stating that bureaucratism and other negative vestiges in the socialist states are by no means the intrinsic problem of socialism; instead, they are the dross from old tradition and old society.

Second, Chinese scholars appreciated several of Lenin's points in reference to the early Deng political reform. Using Lenin's work encouraging mass participation in governmental administration, Xiao Lifeng (肖励锋), a professor at the Zhongnan University of Economics and Law in Hubei Province, argued that proletarian democracy is far superior to bourgeois democracy; in the former system it is the people who have the oversight of the state, while the exploitative class dominates in the latter system (Xiao, 1982: 3).[12] According to IREECAS scholar Xu Yunpu's (徐运朴) survey, the Soviet state institutions under Lenin were "a highly democratic socialist system," and "a thousand times better than bourgeois democracy." In his view, Lenin's creation "should be the right direction for all future socialist democratic developments" (Xu, 1982: 14-15).[13]

In addition, aside from having agreed with Lenin's thesis that proletarian democracy should be advanced over bourgeois democracy, and that it is the highest form of democracy in the world, scholars Hong Yunshan (洪韵珊 a researcher at the Sichuan Provincial Academy of Social Sciences) and Wang Lixing (王立行 a researcher at the Shandong Provincial Academy of Social Sciences) argued (by quoting Lenin's *The State and Revolution*) that in order to facilitate the implementation of proletarian democracy, proletarian dictatorship (the synonym of communist party dictatorship) is essential. In their final judgment, proletarian dictatorship should exist until the state enters the stage of communism (Hong, 1983: 44; Wang, 1984: 18).[14]

Seen from the comparison between Deng and the Chinese writings presented above, scholars' arguments on the characteristics of Lenin's rule in the early Soviet Union largely resonated with the thrust of Deng's various speeches. Under the full cover of the most authoritative communist leader Lenin, Chinese scholars ascribed all the past defects and wrongdoings in socialist China to the imperial and feudal tradition before 1949 – the founding year of communist China. They suggested that all impoverishments and sufferings of pre-1976 PRC had little to do with the true nature of socialism or even Mao himself. Their assurance of the absolute superiority of proletarian democracy and the fundamental necessity of holding fast a proletarian dictatorship was undoubtedly welcomed by the Deng regime, which at the time desperately sought a theoretical basis for keeping the corpus of Mao unimpaired and ensuring the long-term survival of communist rule in China. China specialist Willy Wo-Lap Lam once commented that Deng's blind faith in the absolute necessity of CCP leadership, and his intolerance of people who oppose socialism, had demonstrated that the Chinese leader "never tried, or

dared, to exorcise totally the Chairman's ghost," and he "was nothing more than Mao's disciple" (Lam, 1995: 150).

There is a more telling example illustrating why Lenin was so relevant to the political context of China in the early 1980s. Deng Xiaoping had been quite enthralled by the first decade of the PRC administration, when Mao's personal power was subordinated to the collective leadership or democratic centralism of the CCP. He once stated, "Comrade Mao Zedong's leadership was correct before 1957" (Deng, 1995d: 293-94), and complained that since the Great Leap Forward "this fine tradition has not been upheld, nor has it been incorporated into a strict and perfected system" (Deng, 1995d: 328-29). In his speech on Party reform in 1980, Deng prioritised tackling the over-concentration of power in the hands of an individual, as "it hinders the practice of socialist democracy and of the Party's democratic centralism" (Deng, 1995d: 320). He was fully aware that the over-concentration of individual power in leaders had become "one important cause of the Cultural Revolution," and urged "no further delay in finding a solution to this problem" (Deng, 1995d: 328). Even in the wake of the Tiananmen Incident in 1989, when the situation required the CCP to tighten the political screws in China, Deng still requested the Party to maintain "a strong collective leadership." He said, "It is unhealthy and very risky to base the destiny of a country on the prestige of one or two individuals" (Deng, 1995e: 301).

In the early 1980s, the use of Lenin to corroborate the significance of democratic centralism in Party building had gained momentum, particularly after the release of Deng's speech on political reform in August 1980.[15] Under the umbrella of Lenin and his words, some articles compared the Soviet Union after Lenin and China during the Cultural Revolution. They made it clear that both periods had seriously violated the norms of democratic centralism and resulted in personal dictatorship and factional strife (Liu, 1980; Hong, 1983: 45). Others asserted that democratic centralism is the principle of intra-party democracy. They demanded that democratic centralism be re-enforced for rebuilding Party democracy in post-Mao China (Wu Liping, 1981: 44; Zhou, 1984: 20-22).

An article appeared in 1985 that challenged the long-time Chinese understanding of "democratic centralism," which had been mechanically interpreted as a simple equation of democracy plus centralization. The author Shao Xing (邵骅), a professor at the Central Party School, suggested that the Chinese translation of "democratic centralism" change from *minzhu jizhongzhi* (民主集中制) to *minzhude jizhongzhi* (民主的集中制), which would clarify its fundamental differences with the concept of bourgeois democracy and would be closer to Lenin's definition. This was the first time in the PRC that a scholar unequivocally pointed out, in view of Lenin's original work, that the Russian term "*demokraticheskii tsentralizm*" (democratic centralism) should

include both the adjective "*demokraticheskii*" (democratic) and the noun "*tsentralizm*" (centralism). "*Demokraticheskii*" is being used to modify the main word "*tsentralizm*" (Shao, 1985: 59-60).

In another article published at the same time, IREECAS scholar Li Yuanshu (李元书) also studied the problematic Chinese definition of "democratic centralism" against Lenin's original, and recommended that the Chinese translation be corrected by reprinting the word "centralism" in bold, for putting accent on the importance of the phrase in this context. Li argued that in Lenin's organisational principle, the Bolshevik Party should be the combination of "strong collective leadership and iron discipline." It was exactly such a powerful Party that had kept score during the victory of the October Revolution and withstood the harsh civil war and international hostility after 1917. Moreover, Li remarked that it was Stalin who had overturned the democratic centralism created and reinforced by Lenin after the latter's pre-mature death, and since then the USSR had evolved into a state saddled with tyranny and ideological fetishism (Li, 1985: 49-51).[16]

Before the 1949 liberation, British journalist James Bertram wrote that he, being from a Western context, felt puzzled by the self-contradictory term "democratic centralism" and asked Mao Zedong for clarification. Mao answered:

> On the one hand, the government we want must be truly representative of the popular will; it must have the support of the broad masses throughout the country and the people must be free to support it and have every opportunity of influencing its policies. This is the meaning of democracy. On the other hand, the centralization of administrative power is also necessary, and once the policy measures demanded by the people are transmitted to their own elected government through their representative body, the government will carry them out and will certainly be able to do so smoothly, so long as it does not go against the policy adopted in accordance with the people's will. This is the meaning of centralism. Only by adopting democratic centralism can a government be really strong (Mao, 1965b: 57).

Mao's response came at a time when a strong Chinese government was needed in resisting the Japanese aggression in the 1930s. Upon the end of Mao's radical era and at the beginning of the 1980s, when China was ready to return to normal politics, the 1982 PRC Constitution stipulated that democratic centralism should be the guiding principle for the actions of the CCP, and defined the term in the following words:

> Within the Party, democracy is given full play, a high degree of centralism is practiced on the basis of democracy and a sense of organization and discipline is strengthened, so as to ensure unity of action throughout its ranks and the prompt and effective implementation of its decisions. Applying the principle that all members are equally subject to Party discipline, the Party

> duly criticizes or punishes those members who violate it and expels those who persist in opposing and harming the Party (Beijing Foreign Language Press, 1987: 95).

The Constitution also specified that there are two essential elements making up democratic centralism. While the second guideline states that the Party must be the representative of "the broadest masses of the people," the most important clause is that the CCP should form "a high degree of ideological and political unity," and should be "in adherence to the socialist road, to the people's democratic dictatorship, and to Marxism-Leninism and Mao Zedong Thought and in the concentration of our efforts on socialist modernization" (Beijing Foreign Language Press, 1987: 94). Clearly, the Russian original of democratic centralism in Lenin's works has every signature of the ideological tradition of Chinese communism. Both of these stress Party discipline and strong collective leadership, while keeping distance from Western liberalization and democracy. The term is not directed toward the expansion of individual rights, but for the power concentration of communist party. Lenin's definition of democratic centralism was no doubt an effective tool used by the CCP in the early 1980s – useful for rebuilding intra-party democracy and erasing the lingering throes of Maoist dictatorship and factional struggle, while making a serious effort to strengthen the CCP rulership as it drove China into modernisation.

Last, Deng Xiaoping on several occasions bluntly stated that the goal of his early 1980s political reform was to facilitate China's modernization and economic development (Deng, 1995d: 321; 1995f: 178). Chinese scholars were also quoting Lenin at this time to promote Deng's purpose. In 1984, Ren Jianxiong (任健雄), a scholar at the Sichuan Provincial Academy of Social Sciences, described how Lenin in his later years had urgently felt the need to reform the Soviet political structure and shake off its economic backwardness. The scholar presented the substance of Lenin's political reform after War Communism (1918-1921), which included distinguishing the responsibilities of the Party and of the government, allowing people to enjoy the right to manage state affairs, curbing bureaucraticism, achieving high working efficiency, training cadres with professional knowledge, and promoting a large number of young personnel (Ren, 1984: 7-10). These agendas are almost identical to Deng's mission published in his 1980 speech on reforming the Party and state institutions, and expediting the economic growth (Deng, 1995d: 321-33).

In the early 1980s, several articles also invoked Lenin's words to say that socialism has no fixed model and people should not build socialism using only books and experiences.[17] They urged China to construct socialism based on its own conditions and to draw lessons from either socialism or capitalism.

The authors remarked that Lenin's New Economic Policy (NEP, 1922-1928) would be exemplary for China, and associated War Communism and Stalinism with the Great Leap Forward and Cultural Revolution under Mao (Xia, 1981: 52-52; Cui, 1981a: 10-12; Zheng, 1984: 48-49). Deng once admitted that he did not know what socialism really meant, but he did know that socialism is certainly not pauperism, which was the situation under Mao (Deng, 1995g: 174). To quote his words in 1985:

> What, after all, is socialism? The Soviet Union has been building socialism for so many years and yet is still not quite clear what it is. Perhaps Lenin had a good idea when he adopted the New Economic Policy. But as time went on, the Soviet pattern became ossified. We were victorious in the Chinese revolution precisely because we applied the universal principles of Marxism-Leninism to our own realities (Deng, 1995h: 143).

Whether the New Economic Policy was the correct model for China under Deng is not relevant in this context. The most important thing is that both Deng and Chinese scholars had been using the symbols of Lenin and his NEP as a public declaration for post-Mao China to renounce its past Soviet and Maoist shackles, and to live up to its claim of building and reforming socialism in a very different way.

4. Lenin and Post-Mao Chinese Socialism

As evident in the writings above, the influence of Lenin in the political context of early Deng's China are multi-dimensional. First, throughout the 1980s Deng had stated unequivocally that, while he was itching for the reversal of Maoist radicalism, post-Mao China should "distinguish between socialist democracy on the one hand and bourgeois, individualist democracy on the other" (Deng, 1995c: 184). Chinese people must be "under the leadership of the Communist Party," and "cannot adopt the practice of the West" (Deng, 1995i: 238). Some scholarly writings on Lenin in the early 1980s, while ostensibly paying lip service to the official line of opposing bourgeois liberalization, boldly attacked many dark sides of the CCP regime: continuous revolution, class struggle and the trampling of human rights. By drawing upon Lenin, scholars were advocating for Chinese people to have a real say in managing state affairs and ultimately to rebuilt what they saw as true socialism. They claimed to target the derailment of the Cultural Revolution; in essence, their writings seemed to be an unspoken disguise for criticising Mao and his tyrannical rule (Li, 1980: 67-70; Chun, 1983: 54-55; Ma, 1984: 13).

Moreover, the central point of these writings was demanding the restoration of "people's democratic rights," and the authors considered

such rights to be inseparable from true socialism as defined by Lenin (Li, 1980: 67; Chun, 1983: 51; Ma, 1984: 16). People's democratic rights in the context of these works did not seem to conform to the thinking of Deng, who linked "democracy for the people with dictatorship over the enemy, and with centralism, legality, discipline and the leadership by the Communist Party," and stressed "the importance of subordinating personal interests to collective ones, interests of the part to those of the whole, and immediate to long-term interests" (Deng, 1995c: 177). Because these scholars signalled a discrepancy with (though not an outright rejection of) the orthodox CCP ruling philosophy, it was convenient to draw upon Lenin. That is, Lenin was a sacrosanct symbol and figure who might instigate less political danger. Thus, Lenin's thought was applied to Chinese writings in order to ask for the return of humanistic socialism, if not wholesale democracy in the Western sense; this occurred in the early 1980s when the vestiges of Maoism were still rampant in the PRC.

Second, once Mao died in 1976, Deng had to wait for several years to outdo his rival Hua Guofeng (华国锋, allegedly Mao's designated successor), and to rise to the dominant position of the Party in the early 1980s. During this interim, Deng was facing intensive competition for power from Hua Guofeng. In a 1979 speech, Deng employed Mao's maxim "seeking truth from facts" to symbolise his pragmatic approach (Deng, 1995j: 58),[18] and to oppose the dogmatic stand of "two whatevers" upheld by Hua.[19] Deng accused that the "two whatevers" "did not represent Marxism-Leninism," and were "merely peddling the old stock in trade of Lin Biao and the Gang of Four in new guise." He even argued that the contest of these two political lines (Hua and himself) was the life-and-death struggle for the mandate to rule China after Mao (Deng, 1995k: 197-98). One may assume that if Hua Guofeng proclaimed that he had full legitimacy to succeed Mao, then Deng may have needed the umbrella of an ultimate figure of authority in the communist world to sustain his competition with Hua. The use of Lenin appears to be the best vehicle for serving Deng's purpose in his political campaign against Hua and extricating China from Mao's residue.

At the time, some Chinese scholars seemed to have been involved in the Deng-Hua rivalry and positioned themselves on Deng's side in an effort to undermine Hua. A number of them cited Lenin's debate with the left communists during the early Soviet Union, to serve their purpose in their articles (Gao, 1979: 27-36; Yu, 1980: 19-28; Yang, 1981: 1-25; Xia, 1981: 51-68). One example of this is the article written by Yang Yanjun (杨彦君), a researcher at the Harbin Academy of Social Sciences. Although the author did not mention the name of Hua Guofeng, he remarked that the goal of socialism is "developing the economy" but not aiming at "world revolution and class struggle" (Yang, 1981: 5).[20] He praised Lenin's stand on "prioritising the economic development and criticizing the high-sounding style of the left

communists," who opted for "marching toward communism at the time when the Soviet Union was still underdeveloped" (Yang, 1981: 13).[21] In some ways, Yang's veiled attack seemed to target Hua's assertions, as the interim Chairman announced that he would wholeheartedly follow Mao's order of continuous revolution and class struggle, and proposed an over-ambitious plan for China to achieve industrial and agricultural modernization within ten years – this at a time when the country was still mired in a dismal economic state after the Cultural Revolution (Weatherley, 2010: 163). Hua soon became the target of the CCP reformers, and his Maoist and bombastic style quickly turned into the source of his eventual downfall.

At the time Chinese scholars had wisely used Lenin for symbolizing Deng, whereby they attempted to break down the outdated Maoism and its incarnation in Hua and other leftists, and usher the PRC into a new age. According to Hao Zhidong, the goal of the new leadership headed by Deng Xiaoping after the death of Mao coincided with the goal of intellectuals to find out what had gone wrong in the Cultural Revolution. With Deng's support, they first began to pave the way for a climate that tolerated more questioning, in an effort to overcome Mao's dogmatism. From 1978 onward, with the help of intellectuals, Deng began to win the debate and forced Hua and his followers to suffer through self-criticism. The debate led to the firm establishment of Deng's position in the Party. It also guaranteed the government's shift from class struggle to the economy, a policy established in December 1978 (Hao, 2003: 101).

Third, the use of Lenin in the early 1980s was also propitious in justifying Deng's regime as the legitimate socialist government after the rejection of radical Maoism. Mao Zedong once commented:

> It was through the Russians that the Chinese found Marxism. Before the October Revolution, the Chinese were not only ignorant of Lenin and Stalin, they did not even know of Marx and Engels. The salvoes of the October Revolution brought us Marxism-Leninism. The October Revolution helped progressives in China, as throughout the world, to adopt the proletarian world outlook as the instrument for studying a nation's destiny and considering anew their own problems. Follow the path of the Russians – that was their conclusion (Mao, 1965c: 413).

Mao's words actually reveal an undeniable veracity that, although the PRC was created by Mao and his communist fellows, the founding principle and genesis of Chinese communism came from Lenin and the Soviet Union. In a 1979 speech, Deng pointed out squarely that Lin Biao and the Gang of Four were targeting not only Mao, but most importantly, Marxism-Leninism (Deng, 1995c: 171). At the same time, Party veteran Chen Yun in another speech put post-Mao China into the larger picture of the international

communist movement, and argued that the fate of the CCP regime would affect the "victory of world communism." According to him, the USSR after Lenin was no longer a socialist state in nature, as its intra-party democracy had been encroached upon since Stalin took power. He argued that post-Mao China should recover intra-party democracy and normal Party life – a return to Leninist norm (Chen, 1979).[22] In other words, the CCP is an international socialist Party belonging to the global communist movement, and it is a truly Leninist Party, but by no means an indigenous product created by Mao. Consider, for example, that in a speech made by Ye Jianying, marshal of the People's Liberation Army, the term "Marxism-Leninism" always precedes "Mao Zedong Thought" (Ye, 1979). Such a writing format became common in China after Mao's death, and we can find many of these examples in the speeches and works of PRC officials from 1978 onward.[23]

Deng once divided socialism into "utopian socialism" and "scientific socialism," the latter of which included "the basic tenets of Marxism-Leninism and Mao Zedong Thought" (Deng, 1995c: 187). Subsequently, Gao Fang (高放), a professor of the history of communism at Renmin University, outspokenly remarked that both China under Mao and the USSR under Stalin had practiced utopian socialism, which plunged both states into "chaos and darkness." He, therefore, demanded that post-Mao China return to the path of scientific socialism set by Lenin (Gao, 1980: 19).[24] The arguments above redefined the Chinese communist regime as a true Leninist state, the Maoist past being only an aberration but not the nature of the CCP. Deng's rule was perceived as following the path of Lenin – orthodox socialism, not the socialism distorted by Mao. In sum, post-Mao China has devolved Mao's role to the Party as a whole, and the CCP has identified itself as a legatee of Lenin rather than of Mao.

Having said this, the paradigm of Lenin in early 1980s China by no means functioned to overrule Mao. Mao founded the Chinese party-state in 1949, and his fate and the PRC are always inter-connected, so it would be out of the question for Deng to obliterate the unsurpassable landmark of Mao's position through any measure. According to Yang Haikun (杨海坤), a professor of law at Suzhou University in Jiangsu Province, socialist democracy as defined by Lenin was not only antagonistic to "personal dictatorship and patriarchism," but also incompatible with "anarchism and bourgeois liberalisation," which are the targets of every Chinese communist leader (Yang, 1983: 45).[25] Seen from the examples cited above, the use of Lenin after Mao's death was mostly intended to cut away the bad side of Maoism only, and not to totally root out the status of Mao. As Deng once said, "Criticizing Comrade Mao's personal mistakes alone will not solve problems." He believed that it was "the faulty systems and institutions of the past" that pushed Mao "in the opposite direction" (Deng, 1995b: 296).

In reality, the use of Lenin in early 1980s China could be regarded as protecting or saving Mao's place in history. CCP Secretary General Hu Yaobang (胡耀邦) once defined the quintessence of Maoism as "the integration of Marxism-Leninism and present Chinese realities," which was "the only correct road opened by Mao for our future." Hu equated Mao's strategy of liberating China through encirclement of the cities from the countryside with Lenin's victory of the October Revolution. He said that both courses were the same as they were "examples of seeking truth from facts and achieving successful revolutions by integrating the universal truth of Marxism" (Hu, 1983).[26] Hu's words echoed Deng Xiaoping who had used the same motto "seeking truth from facts" to absolve Mao's crimes and banish the remaining Maoists, while establishing his own credentials as China's new leader and preparing the country for the path of socialist modernization (Deng, 1995j: 58).

From Deng's point of view, the best part of Mao's rule was before the Great Leap Forward in 1957, and during those years Mao "developed Lenin's theory of Party building most comprehensively" (Deng, 1995j: 56-57). According to the CCP verdict, Mao only made mistakes in the evening of his life, a period that was the antipode to true Maoism (Zhongguo Gongchandang Zhongyang Weiyuanhui, 1981: 272). It seemed that true Maoism appeared before the emergence of the Great Leap Forward and it was equivalent to Leninism. The aim of post-Mao China was to return to true Maoism as well as Leninism. As American scholar David Goodman comments, the essence of the reforms launched in 1978 highlighted Deng's obsession with "the golden age of the unforgettable 1950s," when the collective leadership, inner-party democracy, style of honesty, cleanliness in government and frugality in enterprise were the norm. In Goodman's view, Deng was not "an innovator," but rather "a traditionalist," who was eager to restore the good sides of Maoism and legitimise contemporary politics (Goodman, 1994: 123-24).

In 1981, Jiang Yihua (姜义华), a professor of history at Fudan University in Shanghai, described War Communism as being equivalent to the direction under Mao, while the New Economic Policy symbolized Deng's path of reform and open door. In the conclusion of his article, Jiang remarked that the formulation of the New Economic Policy was a result of Lenin having learned from the mistakes of War Communism (Jiang, 1981: 20). According to Gilbert Rozman, in the mind of Chinese Soviet-watchers in the 1980s, War Communism epitomised a rigid system that aimed to eliminate private property, commodity production and market exchange. On the other hand, the New Economic Policy represented a moderate approach allowing small businesses, cultural diversity and faster economic growth under the one-party rule, which is a model of value for present-day China and similar to the economic policy that Deng had carried out after 1978 (Rozman, 1987: 4). In

1982, IREECAS scholar Ye Shuzong (叶书宗) controverted some scholars' arguments that War Communism was a leftist error while NEP was a clear manifestation of true Leninism (Ye, 1982: 68-72). Ye demonstrated that the two programs were different stages of socialist revolution, and NEP could not have been conceived without the precedent of War Communism:

> Lenin was a human being but not God. As a human being, his thoughts were changing from time to time. Both War Communism and the New Economic Policy were the ways used by Lenin to construct socialism. Such measures could not be found in the books of Marx. From War Communism to the New Economic Policy, every stage was the inseparable part leading to the development of Leninism (Ye, 1982: 72).[27]

Ye's stand on Lenin was exactly the same as Deng's view on Mao, evidenced by his 1977 speech entitled "Mao Zedong Thought Must be Correctly Understood as an Integral Whole" (Deng, 1995j: 55-60).

Last, some Chinese scholars in the early 1980s greatly appreciated Lenin's notion that socialism could be founded in a backward nation without previous experience in the capitalist stage.[28] In their opinions, an economically backward country like China could reach the final victory of communism by learning from Lenin's teachings, such as persisting in a proletarian dictatorship, observing advanced elements from all over the world, and most importantly, seeking truth from facts to build socialism (Cui, 1981: 10; Xu, 1981: 27; Han, 1983: 42; Xu, 1984: 85). Chinese scholars' defence of Lenin on this point was attempting to excuse the economic and social backwardness that still existed in China after more than three decades of the CCP rule. Lenin's statement was being used to explain that the extensive poverty in early 1980s China was not due to Mao or the intrinsic Party rule, but rather to historical legacies of the feudal past – or something else altogether.

5. Conclusion

Through the enduring lustre of Lenin, scholars attempted to bring vigour to the weakening legitimacy of Chinese socialism after the Cultural Revolution, and to provide a mandate for Deng's policies and future reforms. Interpretation of Lenin thus became a solvent of the old order as well as a catalyst for major changes in early 1980s China. Their introduction of Lenin's argument laid the groundwork for the "primary stage of socialism" theory built on by the later CCP Secretary General Zhao Ziyang (赵紫阳) in his keynote speech delivered during the 13th Party Congress in 1987. In Zhao's words, because China had attained socialism without proper capitalist experience before, the PRC may use whatever means is available to catch up with the advanced countries, including commodity economy and other

capitalist elements (Zhao, 1987: 11). The use of Lenin's argument also opened the path to Deng Xiaoping's word-juggling of "socialist market economy" propounded in the early 1990s. The slogan envisions the future development framework of China, namely economic capitalism plus the guaranteed Chinese Communist Party monopoly (Deng, 1995m: 361). China in the early 1980s wanted to wriggle out of the Maoist model in economic terms, but still needed to retain socialism in political terms. Hoisting the flag of Lenin was a much-needed convenience for the PRC, as Lenin's model of manipulating unorthodox methods to achieve orthodox socialism in a backward state bears the stamp of the *Zeitgeist* of post-Mao China. This *Zeitgeist* can be defined as: there is no universal truth, only the truth according to the tide is truth.

To conclude, first, Lenin's name could be used to help rally Chinese communists against the radical policies that had long prevailed. On many issues, his views were introduced in an effort to justify new policies or rally support behind new proposals in the early 1980s. His stand was invoked to weaken the hold of Maoist remnants in favour of utilizing all possible resources for economic construction, and to support reformers in their pursuit of more sweeping changes. Having said this, the use of Lenin was by no means for leading the attack on Mao, but rather for defending the legitimacy of Chinese socialism founded by the Chairman. His theory was intended to help save the CCP regime that had been paralyzed by the Cultural Revolution. The first Soviet leader was seen by Chinese officials and scholars as an epitome of the new kind of image the Party forged for itself after the maelstrom of the Cultural Revolution. The Chinese writings played on these positive associations of the Grail of Lenin, making him the moral centre of its representation of post-Mao China.

Notes

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1. For a list of the 1980s PRC journals on the Soviet Union, see Rozman, 1985: 440-441.
2. Similarly, Robert Desjardins in his book on post-war French Sovietology also includes not only the scholarship of French Soviet specialists but also the writings of French historians, economists and political scientists, whose works are orientated only incidentally towards the USSR. See Desjardins, 1988: 10.
3. For a list of PRC institutes that have facilities for research of the Soviet Union, see Rozman, 1985: 444-445.
4. Democracy Wall was the first political dissent movement in Post-Mao China, which demanded the institution of democracy and the rule of law, to replace the Party dictatorship. For the panorama of the movement, see Baum, 1994: 66-93.
5. On Lenin's original, see Lenin, 1985a: 371.
6. The quotations are translated by the author. On Lenin's original, see Lenin, 1985b: 136-37.
7. The quotations are translated by the author. On Lenin's original, see Lenin, 1985c: 172.
8. On Lenin's original, see Lenin, 1960a: 57.
9. The quotations are translated by the author.
10. Ezra Vogel also holds a similar point of view. He remarks that during the Cultural Revolution, Deng "was convinced that China's problems resulted not only from Mao's errors but also from deep flaws in the system that had produced Mao and had led to the disastrous Great Leap Forward and Cultural Revolution." See Vogel, 2011: 44-45.
11. On Lenin's original, see Lenin, 1960b: 256.
12. On Lenin's original, see Lenin, 1960c: 235-77.
13. The quotations are translated by the author.
14. On Lenin's original, see Lenin, 1960d: 381-492.
15. On Lenin's discourse on democratic centralism, see Lenin, 1960e: 347-530.
16. The quotations are translated by the author.
17. On Lenin's original, see Lenin, 1960f: 235-77.
18. The slogan "seeking truth from facts" was originally used by Mao Zedong in 1930, see Mao, 1980: 112.
19. Hua Guofeng's words first appeared in 1977, see Hua, 1977.
20. The quotations are translated by the author.
21. The quotations are translated by the author.
22. The quotations are translated by the author.
23. Two examples here: Deng, 1995l: 13 and Zhao, 1987: 17.
24. The quotations are translated by the author.
25. The quotations are translated by the author.
26. The quotations are translated by the author.
27. The quotations are translated by the author.
28. On Lenin's original, see Lenin, 1960g: 79.

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