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THESIS

**CHINA'S SOFT POWER AND GROWING INFLUENCE IN
SOUTHEAST ASIA**

by

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March 2008

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CHINA'S SOFT POWER AND GROWING INFLUENCE IN SOUTHEAST ASIA

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Submitted in partial fulfillment of the
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ABSTRACT

The term “soft power” was coined by Joseph S. Nye Jr. of Harvard. The definition of soft power has expanded over the years and continues to grow. In most contexts, the United States is the focus of debate over its use of or lack of soft power and the appropriateness and positive or negative effects generated. In more recent times, China has had a diplomatic makeover and has begun utilizing its soft power capabilities. By no means is China able to surpass the United States soft power capabilities. As China’s economy and influence in the region continue to grow however, China as an alternative to the United States can become a reality.

This thesis’s focuses on China’s soft power in its relations with its Southeastern neighbors (Myanmar, Cambodia, Vietnam, Thailand, and Laos) and takes as a case study its impact on China’s development plans for the Lacang-Mekong River. I determine how the utilization of soft power tools allows China to pursue its development plans with minimal interference from the other five riparian countries. The thesis is in four sections. They assess a) what is soft power and its tools; b) how China applies its soft power on its Southeastern neighbors; c) how this affects China’s efforts to participate in development of the Lacang-Mekong River; and d) what the implications are for the United States?

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I. INTRODUCTION

A. PURPOSE

This thesis explores the concept of soft power in the context of China's rise and its growing influence in Southeast Asia. It first briefly describes China's ascendance in the world in terms of political and economic power and Southeast Asia's perspective on China's rise and its influence in Southeast Asia. Finally, it addresses the importance of soft power and why China's increasing influence in Southeast Asia must be considered in designing a comprehensive Southeast Asia policy for the United States.

B. IMPORTANCE

The post-Cold War world has turned out differently than Deng Xiaoping predicted. Deng's viewed the bipolarity of the Cold War as a dangerous, unpredictable international environment due to the specter war between the superpowers. Instead of an international environment characterized by multi-polarity in the post-Cold War, China faced an American dominated unipolar world. Beijing views its continued, fast-paced economic development as its main course to engineer the country's rise as a great power.¹ Beijing welcomes the peace and stability the United States brings to the region. As China becomes more confident it is determined to play the role that is expected of a country of its sheer size, economic, and political potential. Like other regional powers, Beijing will want to shape and not be led by the international system. My research of China's soft power and its application in Southeast Asia assesses China's growing influence and ambitions. I use China's development of the Lancang-Mekong River for hydropower as a case study to demonstrate China's soft power in action.

China's rise in the international system has countries all around world concerned over its current and future intentions. As China's influence continues to expand in terms of military, economic and political power, countries are becoming more and more aware

¹ Avery Goldstein. "The Diplomatic Face of China's Grand Strategy: A Rising Power's Emerging Choice," *The China Quarterly*, no. 168 (December 2001): 836.

of Beijing's importance. China a developing country of 1.3 billion is now one of the world's fastest growing economies. China's economy has averaged 9 percent growth in the past 15 years.² In late 2005, China announced that its economy was 17 percent larger than previously estimated, with a growth rate of 9.9 percent.³ In 2006, China's national economic output was estimated at US\$2.26 trillion, making China the world's fourth largest economy in market exchange rate terms.⁴ In purchasing power parity terms, China is the second largest economy behind the United States.⁵ Beijing's military continues to modernize, and its budget enjoys double-digit growth.⁶ Chinese military experts expect the People's Liberation Army to have the ability to project its forces "beyond China's coastal periphery within 10 to 20 years."⁷ Beijing is one of the few Leninist political systems to survive the Cold War. With almost 22 years of isolation from the international arena, Beijing perceives itself and is perceived by others in the region as a rising power that is demanding its rightful seat among the regional powers, potentially becoming the next strategic competitor to the United States.

Southeast Asia has a combined population of approximately 500 million over a total area of 4.5 million square kilometers.⁸ The region as whole has a combined gross domestic product of about US\$ 700 billion and a total trade of about US\$ 850 billion.⁹ Throughout the Cold War, many Southeast Asian countries increased their living standards through free markets and foreign direct investments, especially from Japan and the United States. Up until the Asian financial crisis of 1997, the majority of Southeast Asian states enjoyed strong economic growth. As the region recovered from the financial

² Marvine C. Ott, "Southeast Asia Security Challenges: America's Response?" *Strategic Forum* 222 (October 2006), 5, <http://www.ndu.edu/inss> (accessed September 2007).

³ Milton E. Osborne. "The Paramount Power: China and the Countries of Southeast Asia." *Lowy Institute for International Policy*, no. 11 (2006): 6.

⁴ *Ibid.*, 6.

⁵ *Ibid.*

⁶ Ott, 5.

⁷ *Ibid.*

⁸ "Overview Association of Southeast Asian Nations," Association of Southeast Asian Nations, <http://www.aseansec.org/64.htm> (accessed October 2007).

⁹ *Ibid.*

crisis, the Southeast Asian states have resumed their previous economic growth trend. However, as Beijing's economy continues to grow, China has begun to compete with the Southeast Asian states for resources, foreign direct investment and Western markets. China's growing influence and its potential economic, military and political power in the region have many Southeast nations concerned over China's direction. The major looming question is: Will China's rise continue to be a peaceful?

Geographically, Beijing shares land borders with three Southeast Asian states--Burma, Laos and Vietnam. In terms of maritime borders, China shares sea borders with nine of ten Southeast Asian countries, with the exception of Burma. Geographic proximity makes Southeast Asia a prime area for China to exert its influence.

Historically, Southeast Asia was a natural target for China to extend its sphere of influence. According to one Chinese scholar, "Southeast Asia is China's backyard" as American's backyard consist of Latin America and South America.¹⁰ For centuries imperial China exerted its influence on the ancient Southeast Asian kingdoms and principalities through the tribute system. During the early part of communist rule, Mao's foreign policy toward his Southeast Asian neighbors was marked with periods of tension. Mao Zedong's support for class-based revolutionary struggle in Southeast Asian region alienated Beijing from a number of Southeast Asian countries. China supported various communist parties and insurgencies in several Southeast Asian states, either directly by providing aid and military support or indirectly through political support. Deng Xiaoping's accession to power in 1978 marked a change in policy to develop the nation's economy through market reforms than class struggle. Deng's policies were based on the "four modernizations" (modernizing industry, agriculture, science and technology, and national defense).

The 1990s were marked by China's aggressive tendencies as well as convergence on many issues within Southeast Asia. Beijing's occupation of Mischief Reef, in the Spratlys, and its testing of a missile in reaction to Taiwan's push toward independence worried many Southeast Asians about the direction China was heading in. Would China

¹⁰ Osborne, 12.

become an aggressive hegemonic power in the region? At the same time, China engaged ASEAN on numerous economic issues and pushed for a free trade area between China and ASEAN states.

Although Beijing's increasing influence in the region is seen as a natural progression, there is still concern that China's rise will not be peaceful but be dangerous for the region. As the United States loses its influence in the region due to its unpopular unilateral foreign policy, China is gaining from the decline. Beijing's "charm offensive" is producing results. Opinion polls in the region and the world suggest that China's rise is seen positively as offering benefits. Politicians who were once vocal about Chinese hegemonic ambitions now praise the Chinese for the contributions to their local economies. Although Chinese investments and aid are far below the United States, news of Chinese contributions are displayed prominently in local newspapers. China's influence is seen all around. More and more goods are marked with "Made in China" labels. China studies is the new fad and shows no sign of dissipating. Confucius Institutes and Chinese culture schools are being established all over the globe. Chinese diplomats are receiving more grandiose red carpet welcomes than any other country's diplomats. The French welcomed Hu Jintao with both the lighting of the Eiffel tower and the famed Champs-Elysees was the site of a 54-foot float led by the longest dragon in the world.¹¹ It was the first time the French used two of their most esteem venues to honor a single state.¹² Understanding China's objectives and aspirations are pressing issues because of China's potential future in the Asia-Pacific region.

1. United States Interest in Southeast Asia

United States interests in the Asia-Pacific region are as follows:

- Peace and stability;
- Commercial access to the region;

¹¹ XiaoXiong Yi, "Chinese Foreign Policy in Transition: Understanding China's Peaceful Development," *The Journal of East Asian Affairs* XIX, no. 1 (Spring/Summer 2005): 94.

¹² *Ibid.*, 94.

- Freedom of navigation; and
- The prevention of the rise of any hegemonic power or coalition;

These U.S interests were set down in the “United States Security Strategy in the East-Asia Pacific Region” (1995) and they still hold true today. Peace and stability are essential to maintaining continuous commercial access for the U.S. economy. Washington continues to pursue its economic goals of open markets and equal commercial access. Washington has a permanent strategic interest in the ability to control the sea lanes from the Middle East to the Pacific Ocean. Freedom of navigation allows U.S. goods and those of our allies to transport through the Strait of Malacca unimpeded. It also allows the U.S. military to react quickly and unhindered in the region. Protection of U.S. security and economic interests affects the success of other global U.S. foreign policy priorities, such as the promotion of democracy, human rights, international terrorism and other transnational issues. Southeast Asia has been labeled the “second front of the Global War on Terrorism,” re-focusing U.S. attention to the region.

Washington does not want a rival power in the region. Rising powers are viewed as destabilizing forces that can upset the peace and stability of the region. China’s emergence as a rising regional power is viewed as a possible unsettling force the Washington and its allies must deal with. If China’s rise is perceived as benign, the Washington welcomes China’s entrance. However, if China’s entry is perceived as aggressive, then Washington will respond accordingly. The United States must maintain its position in the region. Without our continued presence, the United States would lose the leverage it has in the region.

C. LITERATURE REVIEW

Joseph Nye, the pioneering scholar on the concept of “soft power,” begins his book *Soft Power: The Means to Success in World Politics* (2004) with him sitting in the audience at the World Economic Forum in Davos, Switzerland. Having coined the term “soft power” a decade earlier in his book *Bound to Lead* (1990), he was pleasantly surprised when George Carey, former Archbishop of Canterbury, asked Secretary of

State Colin Powell why the United States was so focused on hard power and not on developing its soft power. Later that year, when Secretary of Defense Donald Rumsfeld was asked for his opinion on soft power, he responded “I don’t know what it means.”¹³ This is the issue with soft power. There are those that understand the meaning of soft power and there are those who do not. There are those who presume they understand soft power but in fact do not.

Generally speaking, most scholars separate hard power and soft power. Hard power is often associated with military and economic strength. Soft power on the other hand is a bit more difficult to define. There are generally three trains of thoughts on soft power. Nye defines it as “the ability to get what you want through attraction rather than coercion or payments,” and the sources of soft power are “the attractiveness of a country’s culture, political ideals and policies.”¹⁴ Nye separates military power, economic power, and soft power into three distinct categories. He leaves no room for overlap between the three types of power. Others such as Joshua Kurlantzick incorporate elements of economic power with soft power, combining the two under soft power. “In the context of Asia today, both China and its neighbors enunciate a broader idea of soft power, the idea that soft power implies all elements outside of the security realm, including investment and aid.”¹⁵ The third camp generally dismisses or still questions the validity of the concept of soft power.

Nye’s view of soft power argues economic power should not be included because it presents itself as a type of “carrot” or payment or as a sanction. Economic power induces instead of attracting another country to do something. On the other hand, as Joshua Kurlantzick argues components such as economic power can influence another state. It is simply a harder form of influence. The difference in opinion is rooted in the perspective of soft power that each side takes.

¹³ “Old Softie,” *Financial Times*, September 30, 2003, 17.

¹⁴ Joseph S. Nye, Jr., *Soft Power: The Means to Success in World Politics* (Colorado: Perseus Books Group, 2004), x.

¹⁵ Kurlantzick, Joshua. “China’s Charm: Implications of Chinese Soft Power,” *Carnegie Endowment for International Peace*, no. 47, June 2006, 1.

Nye's camp defines soft power from the perspective of the United States and what it needs to do to ensure that United States' soft power grows and remains strong. The focus is on the producer of soft power and what the producer can do to ensure its soft power continues to grow. Kurlantzick's perspective also comes from the producer's view of soft power but redefines it to fit China's production of soft power. However, scholars such as Bronson Percival and Brantly Womack argue that it is not the producer's perspective but the receiver's view of soft power that is essential. To determine the effectiveness of soft power, an analysis must be made of what are considered as elements of soft power from the viewpoint of the receiver. The receiver's outlook may differ entirely from the producer's point of view, therefore making the producer's soft power objectives ineffective.

1. Chinese Soft Power

Experts consider the 1997 Asian financial crisis as the moment when Chinese soft power began to emerge. While Western nations were slow to react to the crisis, Beijing's timely decision not to devalue its currency was perceived as standing up for Asia. Beijing recognized the positive effects of using soft power. Its previous exercise of hard power during the Taiwan Strait crisis of 1995-1996 and Mischief Island incident only exemplified the setbacks with the use of hard power. Instead of resorting to military action, China began to use a less confrontational approach to resolve its issues with ASEAN states. In 2002, China signed a code of conduct over the disputed boundaries in the South China Sea. Furthermore, China has secured an agreement to establish a China-ASEAN Free Trade Area within a decade.

Since 1997, Beijing's rhetoric of a "win-win" foreign policy along with solid actions to backup its statements has increased China's attractiveness. Beijing claims that as China's economy continues to grow, China will become a larger source of foreign direct investment.

China's growing economy allows China to become a larger player in foreign aid. China's aid to the Philippines in 2003 was four times greater than U.S. aid. China's aid to Laos was three times greater than U.S. aid. More important than the size of China's

aid is the sophistication of China's aid. China has discretely associated its aid with policy goals. Chinese funds are used to sponsor numerous foreign government officials for study programs in China.

China's growing influence in Southeast Asia is not in question. It is natural that Beijing would look to expand its economic and political reach just as the United States subjugated Central and South American in the past.

Overall, the literature on soft power is comprehensive. All sides utilize substantive evidence to support their arguments. Kurlantzick does a good job presenting his case to expand Nye's traditional notion of soft power to include aspects of economic power such as investments, and aid. However, neither arguments clearly define whether Beijing has accumulated enough soft power to have greater influence in Southeast Asia. Does Beijing possess the power to influence decisions in Southeast Asia? Both use polling data and economic stats to prove their points. Polling data are usually unavailable or inadequate from the perspective of Southeast Asia. Economic statistics show trends but do not show how China's economic power has increased Beijing's influence in the area. This thesis assesses China's soft power and its effectiveness in Southeast Asia. The case study assesses whether Beijing's attempt at accumulating soft power has indeed translated into influence among the Southeast Asian states. It also suggests how U.S. foreign policy may adapt to the new changing environment to ensure its national interests are maintained as Chinese influence grows in the region.

D. METHODOLOGY AND SOURCES

This thesis examines China's soft power in the context of its increasing influence in Southeast Asia. It reassesses contending definitions of soft power and modifies them if necessary to fit the context of China's growing economic and political influence in the region. It determines the scope of China's soft power and how effective it has been increasing Beijing's influence. The final chapter offers recommendations for U.S. foreign policy toward Southeast Asia.

The primary sources for the thesis include scholarly literature, newspapers, and magazine articles on China's activities in the international arena. Additionally, the

Congressional Research Service reports, Department of State and Defense literature and other official studies have been incorporated when applicable. Moreover, specialize literature from non-government agencies in the United States, Southeast Asia, Australia and Europe have been employed. Finally, data and reports from the United Nations, World Trade Organization, Asian Development Bank, and the World Bank have been employed.

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II. WHAT IS POWER?

A. DEFINING POWER

Power is difficult to define. “Power is like the weather. Everyone depends on it and talks about it, but few understand it.”¹⁶ Depending on whose perspective, power can take on a multiple meanings. To some, the military is the essence of power. The number of guns or planes a country possesses and its ability to effectively use the weaponry represents power. Or a country’s ability to affect and control the international market is viewed as the embodiment of power. The dictionary defines power as “the ability to get the outcomes one wants.”¹⁷ It also defines power as “having the capabilities to affect the behavior of others to make those things happen.”¹⁸ Together power is “the ability to influence the behavior of others to get the outcomes one wants.”¹⁹ Throughout this thesis, power will be used in this general context.

Generally, there are three ways to affect the behaviors of others. They are coercion, inducement, and attraction.²⁰ Coercion uses threats or “sticks” to produce a desired behavior of others.²¹ An example is the threat of military action to force another to behave in a most wanted manner. The United States used its Navy to intercept and prevent the Soviet Union’s transport of missiles to Cuba during the Cuban Missile Crisis. The U.S. threat of military action prevented missiles being placed in its backyard.

Inducement uses payments or “carrots” to produce a desired behavior.²² For example, an economically more powerful country can entice a less developed country to act in a manner beneficial to the former, especially if the less developed country’s

¹⁶ Nye, Jr., *Soft Power: The Means to Success in World Politics* 1.

¹⁷ Ibid., 1.

¹⁸ Ibid., 2.

¹⁹ Ibid.

²⁰ Ibid.

²¹ Ibid., 5.

²² Ibid.

economy is failing and in need of capital or resources. In 1991, the United States halted millions of dollars in aid to the Indonesian security forces after the massacre in Dili, the capital of East Timor. The United States used the withdrawal of an inducement to enact a change in human rights violations by the Indonesian government.

Lastly, attraction neither uses “threats” or “carrots” to produce the outcomes it wants. Behaviors of others are affected because they want to emulate. Other countries want to follow because another country’s values and prosperity are desired. No threats or payments are used to influence, but an indirect method of influence produces the preferred results. This is soft power. Soft power is the ability to set the agenda and attract other countries to behave in a desired manner without the use of force or inducements.

Power can be viewed on a spectrum with “command” on one end, and with “co-opt” on the other.²³ To determine where a certain type of power lies on the spectrum, it must be placed within context. Power can be defined as “to make others do what they would otherwise not do.”²⁴ However, just because an individual commands and it is followed does not translate to power causing the reaction.

Failure to recognize that power may rest on various bases, each with a varying scope, has confused and distorted the conception of power...

In particular, it is of crucial importance to recognize that power may rest on various bases, differing not only from culture to culture, but also within a culture from one power structure to another...

What is common to all power and influence relations is only effect on policy. What is affected and on what basis are variables whose specific content in a given situation can be determined only inquiry into the actual practices of the actors in that situation...

²³ Nye, Jr., *Soft Power: The Means to Success in World Politics*, 8.

²⁴ Ibid., 2.

Political analysis must be contextual, and take account of the power practices actually manifest in the concrete political situation.²⁵

Power in reference to behavior changes must be analyzed from a baseline. A baseline of preferences must be established. The change in behavior can be assessed against the baseline to determine if a set of actions is normal behavior or a behavior is caused by another's action. Power can change as the context changes. Power in one scenario may not retain its form under a different scenario.

B. POWER AS A RESOURCE

Most politicians and ordinary citizens view power as a resource. Power defined within this context “as the possession of capabilities or resources that can influence outcomes.”²⁶ Power appears more “concrete, measurable, and predictable” as a resource.²⁷ According to Max Weber’s definition of a state’s power, there are two necessary conditions to accomplish the task of dominating the use of violence within a defined territory. These two items are coercion and capital.²⁸ The state needs absolute control over coercion within a specified territory and access to a continuous flow of capital. This translates to a strong military and an efficient bureaucracy. Without the monopoly of force and abundance of capital, the state would lose its legitimacy and control over the populace within the defined area.²⁹ Herman Schwartz agrees with this perspective in his article “The Rise of the Modern State from Street Gangs to Mafias.” He pinpoints a combination of “lawyers, guns, and money” which allows states to maximize consolidation of coercion and capital in order to create a strong state.³⁰ Lawyers, guns, and money are the tools a state utilizes to exert control over their territory

²⁵ Harold D. Lasswell and Abraham Kaplan, *Power and Society* (New Have: Yale University Press 1950) 85.

²⁶ Nye, Jr., *Soft Power: The Means to Success in World Politics*, 3.

²⁷ Ibid., 3.

²⁸ Charles Tilly, *Coercion, Capital, and European States* (Cambridge: Blackwell, 1992), 17.

²⁹ Ibid., 8.

³⁰ Herman M. Schwartz, *States versus Markets: The Emergence of a Global Economy*, 2nd edition, (NY: St. Martin’s, 2000), 10.

and to subdue others to consolidate more territory. If a state did not possess a balanced combination of the three, the state becomes weak. It was the cooperation between the king, nobles, and merchants that made all this feasible in Europe. The larger the military, population, and capital a state possesses, the more powerful it is viewed to be.

Translating power into resources is useful, but defining the level of power based upon the amount of resources does not necessarily mean that a more resource endowed state will achieve its objectives with respect to a less resource endowed state. There are several cases where the more resource rich country was unable to attain its goals. For example, The United States during the Vietnam War was more resource dominant than its less capable adversary, North Vietnam.³¹ The United States had more capital, a large and efficient military, and was more technologically advanced than the North Vietnamese. However, the United States was unable to achieve its goals. The French, like the United States were more resource endowed than their rival, the Vietnamese, and yet were unable to defeat the Vietnamese during the French Indochina War.

C. CHANGING SOURCES OF POWER

Time has shown there is a shift in importance on the type of resources that encompass power. “In assessing international power today, factors such as technology, education, and economic growth are becoming more important, whereas geography, population, and raw materials are becoming less important.”³² Rosecrance argues that “it was cheaper to seize another state’s territory by force than to develop the sophisticated economic and trading apparatus needed to derive benefit from commercial exchange with it.”³³ Sources of power are not static.³⁴ Table 1 displays the different power resources that played critical roles in different periods. More importantly, Table 1 shows the changing nature of power resources and how context determines which power resource is more important.

³¹ Nye, Jr., *Soft Power: The Means to Success in World Politics*, 3.

³² Joseph S. Nye, Jr., *Bound to Lead* (New York: Basic Books, Inc., 1990), 29.

³³ Richard N. Rosecrance, *The Rise of the Trading States* (New York: Basic Books, 1986), 16.

³⁴ Nye, Jr., *Bound to Lead*, 33.

Table 1. Leading States and Major Power Resources, 1500s-1900s

Leading States and Major Power Resources, 1500s-1900s		
Period	Leading State	Major Resources
Sixteenth Century	Spain	Gold bullion, colonial trade, mercenary armies, dynastic ties
Seventeenth Century	Netherlands	Trade, capital markets, navy
Eighteenth Century	France	Population, rural industry, public administration, army
Nineteenth Century	Britain	Industry, political cohesion, finance and credit, navy, liberal norms, island location (easy to defend)
Twentieth Century	United States	Economic scale, scientific and technical leadership, universalistic culture, military forces and alliances, liberal international regimes, hub of transnational communications

Source: From Joseph S. Nye, Jr., *Bound to Lead* (New York: Basic Books, Inc., 1990), p.34.

D. THE COST OF USING MILITARY FORCE

Military power is still relevant. Advancement in science and technology has allowed the United States to surpass all other states as the world military superpower. No country can match the United States' ability integrate information technology with military strategy to provide precision weapons, real-time intelligence, broad surveillance of regional battlefields, and improved command and control.³⁵ However, with advancement in military power the political and social cost of using military force must be calculated more meticulously than in previous eras.³⁶

³⁵ Nye, Jr., *Soft Power: The Means to Success in World Politics*, 18.

³⁶ Ibid.

Social changes within large democracies have increased the cost of using force.³⁷ Postindustrial societies do not like high casualties. Within these large democracies, the emphasis placed on military glory and conquest is gone with the past. Importance is placed upon increasing the welfare of the state, especially the welfare of its people. Unless the survival of the state is at stake, the use of force requires an intricate moral justification to maintain popular support.³⁸ Countries that use military force are more pressed to justify the use of it to the international community or be labeled as a destabilizing force. In 2003, the United States' actions in Iraq were perceived as illegitimate due to the lack of authorization from the United Nations. The Washington was viewed as a unilateralist and breaking international norms. Some would argue large states have lost much of the lust to conquer.³⁹ This does not negate the possibility of war. Postindustrial societies have shown their perseverance during the 1991 Gulf War and the 2003 Iraq War in the face of rising casualty figures.⁴⁰ War remains possible, but less likely.

Growing global economic interdependence increases the cost of using force. The more integrated a country is to the global economy, the more susceptible it is to the unpredictable effects of war. The use of force must be considered with respect to the state's economic objectives. Economic objectives consist of increasing the welfare of the state and the citizens within its borders. One aspect is investors' confidence in the state's economy. War can bring with it a lack of investors' confidence in stability of the state's economy and the global economy.⁴¹ The decision to use force can lead to a mass withdrawal of capital from essential sectors that would hinder economic growth not only with the state in question but with the world.

37 Nye, Jr., *Soft Power: The Means to Success in World Politics*, 19.

38 Ibid.

39 Robert Cooper, *The Postmodern State and the World Order* (London: Demos, 2000), 22.

40 Nye, Jr., *Soft Power: The Means to Success in World Politics*, 19.

41 Ibid., 20.

III. WHAT IS SOFT POWER?

A. POWER

Power in its basic form can be broken into two broad categories: hard power and soft power. Both aim to achieve the same goal--to affect the behavior of others.⁴² The difference between the two is in the nature of the behavior and in the tangibility of the resources.⁴³ Nye presents this in a spectrum with command power on one end and co-optive power on the other. Command power is the ability to change what others do.⁴⁴ Hard power consists of “sticks” and “carrots.” The “sticks” refer to as military power while “carrots” refer to economic power. Hard power rest upon coercion or inducements. Co-optive power is the ability to shape what others want.⁴⁵ It rest upon a state’s ability to manipulate the agenda of political choices in one’s favor and the attractiveness of one’s culture.⁴⁶ Soft power is typically associated with the co-optive end of the spectrum, whereas hard power is usually associated with the command end.⁴⁷ Nye does state the relationship is imperfect. Sometimes resources typically viewed as hard power may become a form of attractiveness and vice versa. For example, a nation’s command power may attract other states or be used to created institutions that will allow a state to set the agenda.⁴⁸

⁴² Nye, Jr., *Soft Power: The Means to Success in World Politics*, 7.

⁴³ Ibid.

⁴⁴ Ibid.

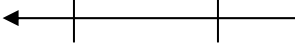
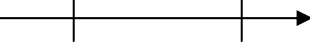
⁴⁵ Ibid.

⁴⁶ Ibid.

⁴⁷ Ibid.

⁴⁸ Ibid., 8.

Figure 1. Power.

	Hard		Soft	
Spectrum of Behaviors	Command		Co-opt	
	coercion inducement 		agenda setting attraction 	
Most Likely Resources	force sanctions	payments bribes	institutions	values culture policies

Source: Before Joseph S. Nye, Jr., *Soft Power: The Means to Success in World Politics* (Colorado: Perseus Books Group, 2004), p.8.

Soft power consists of a state's ability to grab the attention of, attract, and persuade another state without the use of threats or payments. This attractiveness is sometimes equated to a nation's "brand."⁴⁹ Unlike economic and military power, soft power does not use "carrots" or "threats" to get others to change their position. Soft power is often referred to as the "second face of power."⁵⁰ "A country may obtain the outcomes it wants in world politics because other countries admire its values, want to emulate its example, aspire to its level of prosperity and openness, and so want to follow it."⁵¹ After World War II, the United States used the Marshall Plan to rebuild a stronger foundation for war torn Europe. Over \$13 U.S. billion was spent on technical and economic assistance in the recovery of Western Europe. The Marshall Plan was America's soft power. Europeans were attracted to America and its generosity to rebuild Europe. The United States was seen as the guardian of democracy and freedom.

49 Joshua Kurlantzick, "China's Charm Offensive in Southeast Asia," *Current History*, Sept 2006, 5.

50 Nye, Jr., *Soft Power: The Means to Success in World Politics*, 5.

51 Ibid., 5.

Soft power is not only the ability to attract but also the capability to set the political agenda. By shaping the political agenda, a state can shape the preferences of others. “If I can get you to want to do what I want, then I do not have to force you to do what you do not want to do.”⁵² A state can manipulate the political choices available by making other preferences seem unrealistic. Institutions, especially international institutions allow a state to create international rules and norms that legitimize actions. Both the British and the Americans created institutions to set international rules and norms that were consistent with their liberal and democratic nature.⁵³ The International Monetary Fund, the World Trade Organization, and the United Nations are examples of institutions created to set international rules and norms based upon American values and norms.

B. SOURCES OF SOFT POWER

A state derives its soft power from three main resources: culture, political values, and foreign policies.

Different aspects of a state’s culture produce different levels of attractiveness to other states.⁵⁴ What is attractive in one country may not be attractive in another. “Culture is the set of values and practices that create meaning for a society.”⁵⁵ Generally, culture comes in two forms--high culture and popular culture. High culture appeals to the elites of society in such areas as literature, art and education.⁵⁶ Popular culture appeals to the general public.⁵⁷

Most would agree that high culture produces considerable soft power.⁵⁸ Secretary of State Colin Powell said, “I can think of no more valuable asset to our country than the

52 Joseph S. Nye, Jr., *The Paradox of American Power* (Oxford: Oxford University Press, 2002), 9.

53 Nye, Jr., *Soft Power: The Means to Success in World Politics*, 10.

54 Ibid., 11.

55 Ibid.

56 Kurlantzick, “China’s Charm: Implications of Chinese Soft Power,” 1.

57 Ibid., 1.

58 Nye, Jr., *Soft Power: The Means to Success in World Politics*, 44.

friendship of future world leaders who have been educated here.”⁵⁹ Cultural contacts involve governmental and nongovernmental exchanges to include such areas of academic, scientific, theaters, museums and opera companies. The millions of individuals who have studied in the United States return home with a better understanding and appreciation for American values and institutions. Many of these individuals returned to their home countries to be a catalyst of change and contribute to achieving American policy objectives.

Popular culture’s direct effect on producing soft power is a bit more controversial. Critics dismiss popular culture as crude commercialism and view it as mass entertainment versus providing information, and therefore as having little political effect.⁶⁰ However, this is not the case. Popular culture is all of the above and more. Popular entertainment contains subliminal images and messages. American popular entertainment contains such messages as sex, violence, and materialism. However, it also portrays individualism, freedom, human rights, and democracy, to name a few. The poet Carl Sandburg stated, “What, Hollywood’s more important than Harvard? The answer is, not as clean as Harvard, but nevertheless, further reaching.”⁶¹ The content of movies and other forms of mass entertainment can reach more people and spread more ideas than forms of higher culture.

A common mistake is to relate cultural resources of soft power as the behavioral aspect of soft power.⁶² Nye uses the example of how some see soft power as consisting of using Coke and Big Macs to attract people in the Islamic world to love the United States.⁶³ This is not the case. The focus should be on what values culture represents.

59 Collin Powell, “Statement on International Education Week 2001,” <http://www.state.gov/secretary/rm/2001/4462.html> (accessed July 2007).

60 Nye, Jr., *Soft Power: The Means to Success in World Politics*, 46.

61 Reinhold Wagnleitner, *Coca-Colonization and the Cold War* (Chapel Hill: University of North Carolina Press, 1994), 222.

62 Nye, Jr., *Soft Power: The Means to Success in World Politics*, 11.

63 Ibid., 12.

Does the culture promote values and interests that others share? By expressing and supporting universal values that others desire, a state becomes more legitimate in the eyes of its audience.

A government's political values and foreign policies are another source of soft power. Political values and foreign policies that appeal to universal beliefs will generate soft power. Domestic or foreign policies that are viewed as "hypocritical, arrogant, indifferent to the opinion of others, or based on a narrow approach to national interests can undermine soft power."⁶⁴ The United States decision to invade Iraq in 2003 is one of many decisions that have made the United States unpopular. Only three decades ago, similar unpopular policies with respect to Vietnam brought American soft power to decline.

Culture, political values, and foreign policies are the backbone of soft power. Nye does state that the spectrum relationship between behavior and resources are not set in stone. There are cases where typical resources of hard power will produce attractiveness. "A strong economy not only provides resources for sanctions and payments, but can also be a source of attractiveness."⁶⁵ China's strong economy is a source of its soft power. China's transition from a Marxist command economy to a socialist market economy with booming success has captured the attention of the world, especially developing countries. China's economy is increasingly seen as a source of economic opportunity and some view it as an economic model to be emulated. More and more refer to China's economic model as the "Beijing Consensus." The Beijing Consensus is seen in opposition to the Washington Consensus. Although Beijing itself does not refer to its economic model as the Beijing Consensus, many developing countries are turning to China since the Washington Consensus has failed them in the past.

⁶⁴ Nye, Jr., *Soft Power: The Means to Success in World Politics*, 14.

⁶⁵ Ibid., 8.

C. INTERACTIVE NATURE OF SOFT POWER

Aristotle claimed that rhetoric had three modes to consider--the character of the speaker, the frame of mind of the audience, and the quality of the argument.⁶⁶ Of the three, Aristotle believed the character of the speaker was the most important.⁶⁷ It is not the speaker's own view of his or her own quality, but the audience's perception of the speaker's credibility. It is the responsibility of the speaker to persuade the audience that his or her integrity is upright and moral. If the audience identifies the speaker as a person who is reliable and good-willed, then attention, attractiveness, and persuasion are easier.

The interactive nature of rhetoric between speaker and audience applies to soft power. Soft power is an interactive relationship between the producer of soft power and the receiver of soft power. Soft power is characterized by a state's ability to "grab the attention, attract, and persuade" another state.⁶⁸ Just as Aristotle believed persuasion to be the core of rhetoric, persuasion is the center of soft power. A state's credibility in the eyes of the receiver will determine how effective its soft power will be. Soft power rests upon a state's ability to co-opt people rather than coerce them.⁶⁹ A state grabs the attention and attracts many states because other states are persuaded by it. The state has shown itself to represent certain values and norms that others too want to follow. That state has shown consistency between its culture, domestic, and foreign policies and the norms and values they represent.

D. ADVANTAGES OF SOFT POWER

If the capacity to punish exists, then why is soft power relevant? First, resources are finite.⁷⁰ If country A makes use of sanctions against country B, country A will have fewer resources to utilize in future scenarios. Hard power consists of converting

⁶⁶ Brantly Womack, "Dancing Alone: A Hard Look at Soft Power," Japan Focus, November 16, 2005 <http://www.japanfocus.org/products/topdh/1975>, (accessed September 2007) .

⁶⁷ Ibid.

⁶⁸ Ibid.

⁶⁹ Nye, Jr., *Soft Power: The Means to Success in World Politics*, 5.

⁷⁰ Womack, "Dancing Alone: A Hard Look at Soft Power."

resources to realizable power. Whether it is military or economic power, both are finite and depend on the availability of resources and the state's ability to convert those resources into realized military or economic power.

Second, the use of coercion requires indefinite commitment.⁷¹ Force denies the autonomy of a state and the free pursuit of its interest. Therefore, to maintain the denial, it not only requires more resources but commitment from the denier. "A person might have enough muscle to push a ceiling beam into place, but no one is strong enough to hold it there indefinitely."⁷² The timeframe from invasion and announcing victory in the 2003 U.S.-led war against Iraq was approximately 3 weeks. Reconstruction and regaining control over Iraq continues on to present day.

Third, the use of coercion may alienate others. If country A uses force against a country B, then country A's action against country B may be perceived as a threat against all weaker powers. If country A's objective is to alienate others, then its actions are not a problem. However, if this is not the case, country A must legitimize its actions against country B in the eyes of the international community. A case in point, U.S. invasion of Iraq did not receive explicit approval from the international community. Therefore its actions were not seen as legitimate by all. Many felt U.S. action in the Middle East threatened the autonomy of others.

Soft power is less costly than hard power. This does not preclude the use of resources, but it is always cheaper to persuade someone than to force someone onto the same direction. A successful persuasion increases the likely chance persuasion will work in the future. Common goals, values, and mutual respect between members ensure that the parties involved will perceive the situation from the same and therefore produce similar solutions.

⁷¹ Womack, "Dancing Alone: A Hard Look at Soft Power."

⁷² Ibid.

E. DANGERS OF SOFT POWER

Power, whether hard or soft, has benefits and disadvantages. Too much of any form of power can create enemies. Too much hard power can create resistance rather than submission.⁷³ Too much soft power can create resentment and rage instead of attraction and persuasion.⁷⁴ For example, members of the European nations have imposed informal quotas on imported American TV.⁷⁵ A survey taken by the Pew Global Attitudes Project in April and May 2003 reported that over 60 percent of people from Britain, France, Germany, and Italy enjoyed American music, movies and television.⁷⁶ The percentage points were usually much lower in response when asked whether the respondents thought it was good that American ideas and customs are spreading.

Table 2. Cultural Complex.

Cultural Complex				
Percentage of Europeans who say...	Britain	France	Germany	Italy
They like American music, movies and television	62%	65%	67%	69%
It's good that American ideas and customs are spreading	33%	27%	24%	43%

Source: After Josefe Joffe. "The Perils of Soft Power, Why America's Cultural Influence Makes Enemies, too," *The New York Times*, May 14, 2006, 15. Based on surveys conducted by the Pew Global Attitudes Project in April and May 2003.

Soft power can attract while enrage both the high and low of society. Europe's 1960s student movements took its lead from the Berkeley free-speech movement of 1964.⁷⁷ The 1960s movements quickly turned anti-American. The American free-speech movement was imitated and then turned against America. In Berlin, more than a million visitors stood in line to view a 200-piece exhibit from the Museum of Modern Art in

⁷³ Josefe Joffe. "The Perils of Soft Power, Why America's Cultural Influence Makes Enemies, too," *The New York Times*, May 14, 2006, 17.

⁷⁴ Ibid., 17.

⁷⁵ Ibid., 16.

⁷⁶ Ibid.

⁷⁷ Ibid.

2004. The cultural elites criticized the exhibit. The remarks ranged from America's cultural inferiority to imperialist conspiracy to suppress European contributions to American modern art.⁷⁸

A balance must be struck. Too much soft power can cause a backlash against the producer of it. Initially, the receiver may view the influx of culture and values as positive. However, overtime this attitude may change.

F. CHINA'S SOFT POWER

Soft power is an interactive framework between the producer and recipient. To view soft power from the perspective of either the recipient or the producer would not only be incomplete but lead to false perceptions of what composes soft power. The American-centric definition of soft power places culture, domestic policies, and foreign policies as typically the resources for the producer. However, the receiver may not agree. The receiver may find other resources more attractive than these three. Nye states that the relationship between resources and type of power is not set in stone. Resources that are usually not associated with soft power can become soft power resources. For example, U.S. values that emphasize human rights and democracy may not register high on what attracts people to the United States in particular regions. America's prosperity and the benefits associated with it may ride higher than the values placed upon human rights and democracy and as a result should be emphasized as a resource to increase U.S. soft power in those regions. Beijing's soft power may bear some resemblance to U.S. soft power. However, Beijing's soft power is different than American soft power. There are certain aspects of it that are more attractive than U.S. soft power. Beijing's soft power encompasses more than culture, domestic policy, and foreign policy.

Beijing's buildup of soft power is effective because it takes into account Southeast Asian interest. Although, all ten Southeast Asian governments are separate entities having a range of political systems, the Association of Southeast Asian Nations (ASEAN) is the mechanism used to express their interests and desires. The original five members (Indonesia, Malaysia, Philippines, Singapore, and Thailand) understood their

⁷⁸ Joffe. "The Perils of Soft Power, Why America's Cultural Influence Makes Enemies, too," 16.

shared interest would be better served unity than standing through alone.⁷⁹ Therefore, on 8 August 1967, ASEAN was created.⁸⁰ ASEAN expanded over the years, with Brunei joining on 8 January 1984, Vietnam on 28 July 1995, Laos and Myanmar on 23 July 1997, and Cambodia on 30 April 1999.⁸¹ The members of ASEAN rely on ASEAN as an organization to accelerate economic growth, social progress and cultural development in the region.⁸² ASEAN also seeks to promote regional peace and stability.⁸³ ASEAN members have all adopted the following six principles:

- Mutual respect for the independence, sovereignty, equality, territorial integrity, and national identity of all nations;
- The right of every State to lead its national existence free from external interference, subversion or coercion;
- Non-interference in the internal affairs of one another;
- Settlement of differences or disputes by peaceful manner;
- Renunciation of the threat of use of force; and
- Effective cooperation among themselves.

Beijing promotes its Five Principles of Peaceful Coexistence as its guiding values in dealing with other states. China's Five Principles of Peaceful Coexistence were established by Zhou Enlai, U Nu, and Nehru in the early 1950s in diplomacy with India and Burma. The Five Principles are:

- Mutual respect for sovereignty and territorial integrity;
- Mutual non-aggression;
- Non-interference in each other's internal affairs
- Equality and mutual benefit; and
- Peaceful coexistence.

⁷⁹ "Overview Association of Southeast Asian Nations."

⁸⁰ Ibid.

⁸¹ Ibid.

⁸² Ibid.

⁸³ Ibid.

History has shown that Beijing's rhetoric has followed the Five Principles but in action Beijing did not always follow the same line. ASEAN members have always been skeptical of Beijing's intentions in the region. However, Beijing's change in behavior in the last decade has changed Southeast Asian's perception of China. No longer is China seen as a menacing threat in the short and mid-term future. China's long term intentions still remain hazy, but the immediate fear of an aggressive China is no longer perceived by the majority of Southeast Asian governments. Many contribute this change in perception to China's growing soft power in the region.

A side-by-side comparison of ASEAN's Fundamental Principles and Beijing's Five Principles of Coexistence gives a better perception of what interest are important to each party.

Figure 2. Side-by-Side Comparison of China's Five Principles of Peaceful Coexistence and ASEAN's Fundamental Principles contained in the Treaty of Amity and Cooperation (TAC).

China's Five Principles of Peaceful Coexistence	ASEAN's Fundamental Principles contained in the Treaty of Amity and Cooperation
Mutual respect for sovereignty and territorial integrity	Mutual respect for the independence, sovereignty, equality, territorial integrity, and national identity of all nations
Mutual non-aggression	Renunciation of the threat of force
Non-interference in each other's internal affairs	The right of every State to lead its national existence free from external interference, subversion or coercion
Equality and mutual benefit	Non-interference in the internal affairs of one another
Peaceful coexistence	Settlement of differences or disputes by peaceful manner
	Effective cooperation among themselves
Source: After "Overview Association of Southeast Asian Nations," Association of Southeast Asian Nations, http://www.aseansec.org/64.htm (accessed October 29, 2007). And "The Five Principles of Peaceful Co-existence," Consulate-General of the People's Republic of China in Houston, http://houston.china-consulate.org/eng/nv/t140964.htm (accessed November 1, 2007). Chart by Edward F. Hwang.	

In essence, the principles established for ASEAN and Beijing are very similar in content. Both Beijing and ASEAN members require mutual respect for sovereignty and territory within its borders; to give up the right to use force against each other; non-interference in each state's internal affairs; peaceful coexistence through cooperation and other peaceful means.

1. Soft Power from the Perspective of Southeast Asians

Leading Southeast Asian expert Bronson Percival compares China's soft power to soup. The author emphasizes that the components of the soup are more important than the soup itself. The attractiveness of specific ingredients to specific segments of Southeast Asian societies is the key to understand Chinese soft power. Percival argues that soft power is difficult to assess. Therefore, determining the components of soft power will allow us to determine who the components affect and by what degree. He makes clear that soft power is not set. Its definition needs to be adjusted with the situation. He warns against looking at soft power solely through an American lens. The original American-centric definition of soft power derives its resources from a country's culture, political ideals, and foreign policies. Southeast Asian governments view the soft power soup as including but not limited to economic benefits, shared norms, cooperation on nontraditional issues, infatuation with the new China, the mutual benefits of tourism and education, diplomacy and style, and networking and reciprocal obligations within ethnic Chinese communities. Unlike the American version of soft power, this version does not include the appeal of the "City on the Hill." American soft power values of democracy and human rights are not as important as the Southeast Asian awe with China's pace of economic development and their leaders' desires to retain their political hold on power through rapid, continued economic development.

Southeast Asian governments appreciate the attention Chinese officials to pay them in contrast to other regional powers. American officials have been labeled as lecturers, whereas Chinese officials employ the language of cooperation and mutual benefit, which is soothing to the Southeast Asian governments since it reflects their language of the past several decades. Southeast Asian governments uphold the Fundamental Principles outlined in 1964 Treaty of Amity and Cooperation. They find

reassurance and practical, mutual economic and security benefits in working with the Chinese. Beijing's courtship with its Southeast Asian neighbors and the perceived mutual benefits allow China to accumulate soft power capital. Southeast Asian governments are more inclined to consider Chinese views when formulating national policies.

2. Chinese Military Power

Beijing's military continues to modernize and enjoy double-digit budget growth.⁸⁴ Foreign experts on Chinese military expect the People's Liberation Army to have the ability to project forces "beyond China's coastal periphery within 10 to 20 years".⁸⁵ Beijing's military may pose a threat in the far future but for the near and mid future; Chinese military is not much of a factor.

The Chinese leadership decided its hard power was limited.⁸⁶ Beijing's past aggressive behavior only fueled the fears of a China threat. China's military lacks the capability to project its forces past its immediate periphery. Beijing has recognized its military is no match for the United States military, especially after the United States spectacular and quick victory over Iraq and Afghanistan in the early 2000s. More importantly, China received such negative attention from the international community for its aggressive behavior in the 1990s that Beijing realized its mistake of seizing reefs and use of force only caused more problems.

All this changed approximately 15 years ago. Although Southeast Asian perspectives still vary over the potential for China's future aggressive tendencies, there is a trend toward accepting China's intentions as benign. Vietnam, due to its past experience with China's aggressiveness, is probably the most skeptical of China's stated benign intentions. However, there is an overall conviction that China will not go to war with its Southeast neighbors. This re-evaluation of the China threat comes from Beijing's willingness to set aside general territorial disputes and the recent restraint Beijing has shown in dealing with issues pertaining to the South China Sea. China has resolved most of its territorial disputes with its

⁸⁴ Ott, "Southeast Asia Security Challenges: America's Response?" 5.

⁸⁵ Ibid., 5.

⁸⁶ Kurlantzick, "China's Charm: Implications of Chinese Soft Power," 2.

neighbors, such as Russia. With its Southeast neighbors, Beijing continues to negotiate China's land boundary with Laos and boundaries with Vietnam. Beijing has shown through rhetoric and examples of its intentions are benign.

Beijing signed the "Declaration on the Conduct of Parties in the South China Sea" on 4 November 2002 at the ASEAN summit in Phnom Penh.⁸⁷ China has built upon this agreement with a multilateral agreement with the Philippines and Vietnam to conduct joint surveys on oil and gas reserves in the disputed island chains. Military contacts and exchanges between China and Southeast Asia have increased. China has attended the annual "Cobra Gold" joint exercises in Thailand and Singapore since 2002; ASEAN was invited as an observer to one of its own military exercises in 2004.⁸⁸ Beijing has given military aid to numerous Southeast Asian countries, such over \$1 million in military assistance to the Philippines.

Although, the Chinese military does not have the most advanced and capable force in the region, it is slowly growing in attractiveness as an alternative to the United States. No doubt, it will be several decades before the United States military presence and aid are endanger of being evicted from the region. However, China's simple offerings can be used to diversify a state's military aid and security apparatus and be a form of leverage to obtain more concessions from the United States in matters of security.

3. Culture

President Hu Jintao announced during his address to a joint sitting of the Australian Parliament on October 24, 2003 that "Chinese culture belongs not only to the Chinese but also the whole world...We stand ready to step up cultural exchanges with the rest of the world in a joint promotion of cultural prosperity."⁸⁹ According to statistics from 2005, the Chinese Ministry of Education setup 32 Confucius Institutes in 23

⁸⁷ Evelyn Goh, "Southeast Asian Perspectives on the China Challenge," *The Journal of Strategic Studies* 30, No.4-5, (August-October 2007), 820.

⁸⁸ Ibid., 819.

⁸⁹ "Hu Jintao's address to a Joint Sitting of the Australian Parliament," <http://www.australianpolitics.com/news/2003/10/03-10-24b.shtml> (accessed November 3, 2007).

countries to provide Chinese language and cultural resources.⁹⁰ There are plans to set up approximately 100 cultural centers worldwide within 5 years.⁹¹

Singaporean Senior Minister Lee Kuan Yew stated that “Soft power is achieved only when other nations admire and want to emulate aspects of that nation’s civilization.”⁹² Foreign student enrollment of international students in China has increased three-fold to 110,884; more than three-fourths of the students majored in academic disciplines of general cultural concern (Chinese language, arts, history to name a few.).⁹³ Over 75 percent of the international student body is from Asia with an increasing number of Southeast Asian enrollments.⁹⁴ For example, students from Vietnam have increased six-fold in the past six years, and 2563 Indonesian students received visas, a 51 percent increase from 2003.⁹⁵ HSK, the Chinese “TOEFL” test, has seen an annual increase in exam takers of about 40-50 percent in the last couple of years.⁹⁶

Beijing has a history of influencing its neighbors through the spreading of its culture. During the Tang dynasty, Chinese civilization spread to its neighboring countries especially Korea, Japan, and Vietnam. Beijing’s status as Asia’s traditional center of civilization allowed China to create an abundance reserve of soft power for contemporary use.

Although it is too early to determine if China has accumulated enough soft power to influence nations along its periphery, China’s attractiveness is increasing. More and more countries are turning to Beijing as their source of Chinese culture and Mandarin as the language of choice instead of Taiwan. Beijing’s simplified characters are being taught over Taiwan’s more traditional characters. Students are learning from materials

⁹⁰ Bates Gill and Yanzhong Huang, “Sources and limits of Chinese ‘Soft Power,’ ” *Survival* 48, no. 2, June 2006, 18.

⁹¹ Phillip C. Saunders, *China’s Global Activism : Strategy, Drivers, and Tools*, (Washington, D.C: National Defense University Press, 2006), 18.

⁹² Bates Gill and Yanzhong Huang, “Sources and limits of Chinese ‘Soft Power,’” 17.

⁹³ *Ibid.*, 18.

⁹⁴ *Ibid.*

⁹⁵ *Ibid.*, 18-19.

⁹⁶ *Ibid.*, 18.

formatted with Beijing's perspective instead of Taiwan, contributing to the marginalization of Taiwan's international presence. The spread of Chinese culture is presenting Beijing as a kinder and gentler image. Growth in enrollment by international students is a sign of China's increasing role as the cultural magnet of Asia. Official statistics show some 30 former international students from China now hold minister-level positions, more than 10 have served as ambassadors to China and over 30 have served as attaches in China.⁹⁷ More than 120 are serving as senior faculty members at universities worldwide. Former students schooled in a Beijing perspective will nurture a Chinese interest for future generations and open their minds to Chinese worldviews and interest.

4. Foreign Policy

Foreign policies, if seen as legitimate and having moral authority, can contribute to a country's soft power. Accumulation of enough soft power allows a country to position itself to manipulate agendas in a manner that "makes others fail to express some preferences because they seem to be too unrealistic."⁹⁸ The Asian Financial Crisis of 1997 marks a turning point in Beijing's foreign policy. Beijing's past use of military force to achieve its strategic objectives was received with little or no fanfare. Its occupation of one of the Spratly islands and multiple clashes in the South China Sea only supported this fact. Foreign policy under Mao Zedong portrayed an image of an ideologically threatening China.⁹⁹

Beijing's decision not to devalue the yuan, an action which would have created a domino effect of sending other currencies in the region plummeting, was viewed as China standing up for Asia. This decision, coupled with Beijing's generous but limited financial bailout of its neighbors, created an immense amount of goodwill for Beijing. The PRC leadership saw the light. Beijing's third and fourth generation of leaders have surprised the world with a plethora of "xinsiwei" (new thinking), utilizing a multifaceted

⁹⁷ Bates Gill and Yanzhong Huang, "Sources and limits of Chinese 'Soft Power,'" 19.

⁹⁸ Nye, Jr., *Soft Power: The Means to Success in World Politics*, 7.

⁹⁹ Bates Gill and Yanzhong Huang, "Sources and limits of Chinese 'Soft Power,'" 21.

approach in achieving its objectives.¹⁰⁰ These generation of leaders focused on image building and multilateralism as the core for its new foreign policy.

Recognizing that the international community is concerned by the potential implications of China's rise, senior party adviser Zheng Bijian announced Beijing's policy of "peaceful rise" in the spring of 2003.¹⁰¹ According to Zheng, the peaceful rise of China has been occurring since 1978 and is projected to continue until the mid 21st century.¹⁰² The peaceful development policy is a counterweight against the prevalent "China threat" or "China collapse" theories in the West. Its goal is to placate fears of a threatening China. Economic success has enabled China to pursue a greater role on the international order. Beijing portrays a message that its growing economy, political and military might will contribute to enhancing global security, promote peaceful trade, and address transitional challenges.¹⁰³

a. *Beijing Consensus*

Part of China's attractiveness lays in its successful transition from a command economy to a market-led economy. China lifted 200 million people out of poverty and was the largest recipient of foreign direct investment in 2005.¹⁰⁴ It received more than \$60 billion in investments.¹⁰⁵ Beijing's remarkable growth has attracted many developing nations to its doorsteps. China's trade with other nations grew on average eight times faster than overall world trade.¹⁰⁶ China's economic boom in the last several decades has created a China economic development model fan club from various countries throughout the world. Former journalist Joshua Cooper Ramo coined the term

¹⁰⁰ Bates Gill and Yanzhong Huang, "Sources and limits of Chinese 'Soft Power,'" 21.

¹⁰¹ Elizabeth Economy, "China's Rise in Southeast Asia: Implications for Japan and the United States," *Japan Focus*, October 6, 2005, <http://www.japanfocus.org/products/topdf/1815> (accessed September 2007).

¹⁰² Ibid.

¹⁰³ Ibid.

¹⁰⁴ Joshua Kurlantzick, *Charm Offensive, How China's Soft Power Is Transforming the World* (London: Yale University Press, 2007), 20.

¹⁰⁵ Joshua Kurlantzick, *Charm Offensive, How China's Soft Power Is Transforming the World*, 20.

¹⁰⁶ Ibid., 20.

the “Beijing Consensus.” It is an economic model that neither believes in uniform solutions nor favors “one big, shock-therapy leaps.”¹⁰⁷ Instead, the model emphasizes development plans formed around a countries specific restraints and advantages. The “Beijing Consensus” is often seen as the antithesis to the Washington Consensus. Unlike Western economic development models, it does not link economic and financial aid to preconditions. Good governance, democracy, transparency, and other issues dictators prefer not to deal with are not required.

Beijing has never used the term officially, but it has become a favored term with the developing countries. Chinese officials advertise the benefits of following such a model. “The Chinese government has also actively promoted its own brand of economic development and reform model to African countries, encouraging...African governments to fashion their economic systems after [China’s] own.”¹⁰⁸ Some believe if China continues to gain economic momentum, the “Beijing Consensus” will become favored over the Washington Consensus. China’s economic miracle is shaking up previous thoughts on economic and political development models around the world. Developing countries are looking to China not only how to develop but how to maintain their independence and way of life in the international order.¹⁰⁹

b. Win-Win

China’s greatest achievements in the last several decades are in the economic realm. Beijing has emphasized its growing role as an engine of economic growth for the region. China’s Ambassador to the United States, Yang Jiechi spoke to a group at the Asia Society in 2002, stating that “A rising tide lifts all boats.”¹¹⁰ The ambassador highlighted the important role China would play to bring prosperity into Southeast Asia as it continues to rise economically. Dealing with China is not depicted as zero-sum. Beijing has backed its claims with solid examples and actions. From 1995

¹⁰⁷ Joshua Cooper Ramo, “The Beijing Consensus,” The Foreign Policy Centre, <http://fpc.prg.uk/publications.123> (accessed October 1, 2007), 3.

¹⁰⁸ Joshua Kurlantzick, *Charm Offensive, How China’s Soft Power Is Transforming the World*, 57.

¹⁰⁹ Ramo, “The Beijing Consensus,” 3.

¹¹⁰ Economy, “China’s Rise in Southeast Asia: Implications for Japan and the United States.”

to 2002, China-ASEAN trade grew an average of 19 percent annually.¹¹¹ In 2002, it reached a record of \$54.8 billion; an increase of 31.8 percent from 2001.¹¹² In 2003, trade between the two topped at \$78 billion.¹¹³ Some Chinese officials claim it surpassed \$100 billion in 2004.¹¹⁴ Table 1 and 2 indicate the rise in trade flow between China and the ASEAN countries over the past few years. China's combined imports from the ASEAN countries rose by 239.5 percent from 2000-2005.

Japan is by far the largest aid donor to ASEAN countries. In 2001, Japan provided 60 percent of the development assistance to the region.¹¹⁵ American companies have invested more than \$40 billion in the region.¹¹⁶ China lags behind Japan and the United States as a source of investment and development assistance to Southeast Asia. However, China promotes the idea that it will become a major source of foreign direct investment to the region.¹¹⁷ Chinese officials often promise trade, investment, and tourism targets projected five or ten years down the line.¹¹⁸

Small signs of fulfilling these promises are coming to light in Southeast Asia as China's economy continues to grow furiously. China has invested heavily in mining, natural gas, and logging throughout the region. Development assistance is flowing freely to Laos, Burma, and Cambodia. China's aid to Asia has risen from \$260 million in 1993 to more than \$1.5 billion U.S. dollars in 2004.¹¹⁹ China has committed \$100 million in aid and investment to Burma.¹²⁰ It is developing Indonesian natural gas

¹¹¹ Economy, "China's Rise in Southeast Asia: Implications for Japan and the United States."

¹¹² Ibid.

¹¹³ Ibid.

¹¹⁴ Ibid.

¹¹⁵ Ibid.

¹¹⁶ Joshua Kurlantzick, *Charm Offensive, How China's Soft Power Is Transforming the World*, 87.

¹¹⁷ Ibid.

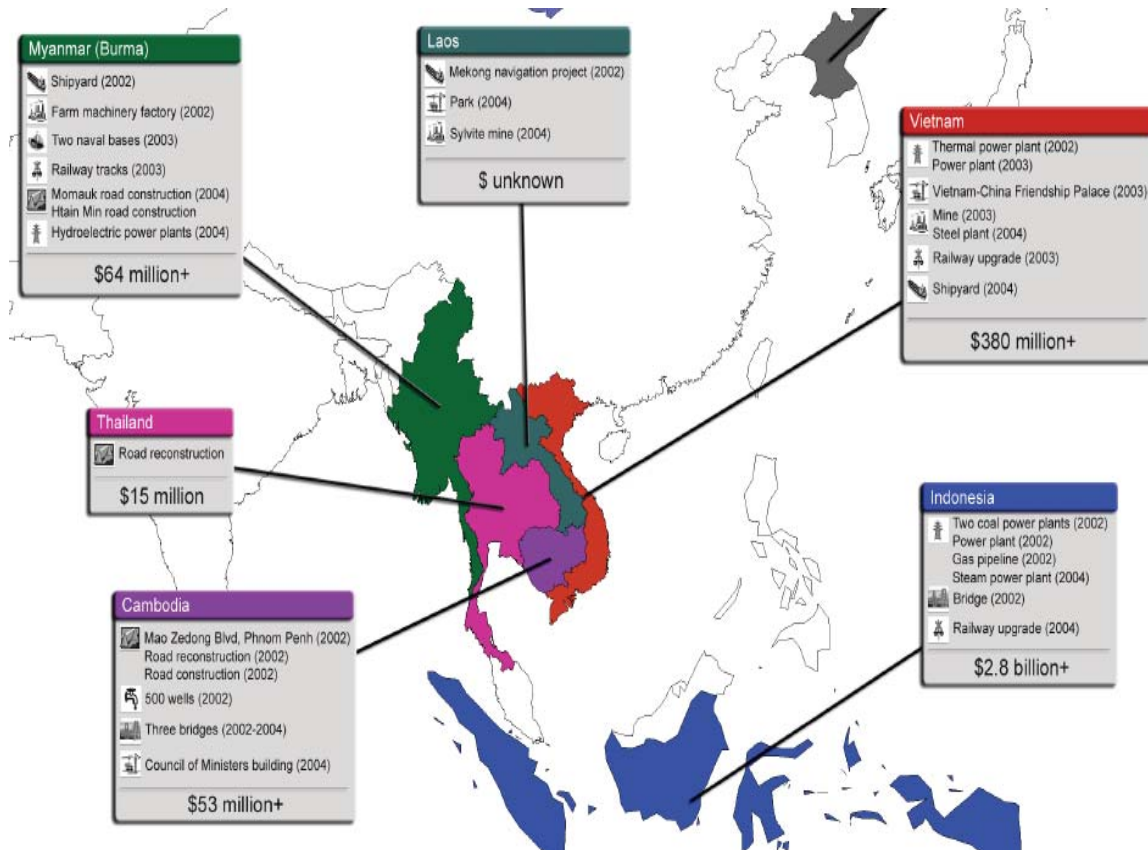
¹¹⁸ Ibid.

¹¹⁹ Ibid., 98.

¹²⁰ Economy, "China's Rise in Southeast Asia: Implications for Japan and the United States."

reserves, navigation projects on the Lacang-Mekong River, and more. China's aid to the Philippines was four times greater than U.S. aid and three times greater in Laos in 2003. See Figure 3 for more details.

Figure 3. Chinese Infrastructure Projects in Asia



Source: From Phillip C. Saunders, *China's Global Activism: Strategy, Drivers, and Tools*, (Washington, D.C: National Defense University Press, 2006), 37.

Table 3. China's Exports to ASEAN: Selected Years (billions of U.S. dollars and percent change)

Overall Rank in 2005	Country	2000	2004	2005	2004/2005 % change	2000/2005 % change
8	Singapore	5,755	12,695	16,716	31.7	190.5
15	Malaysia	2,565	8,085	10,618	31.3	314.0
19	Indonesia	3,061	6,257	8,349	33.4	172.8
20	Thailand	2,244	5,800	7,819	34.8	248.4
22	Vietnam	1,537	4,260	5,639	32.4	266.9
25	Philippines	1,464	4,265	4,689	10.0	220.3
60	Burma (Myanmar)	496	939	935	-0.4	88.5
75	Cambodia	164	452	536	18.5	226.8
126	Laos	34	101	105	4.7	208.8
141	Brunei	13	48	53	11.1	307.7
	ASEAN Total	17,333	42,902	55,459	29.3	220.0
	Total Chinese Exports	249,240	593,674	762,326	28.4	205.9
	Exports to ASEAN as a % of Total Exports	7.0	7.2	7.2		

Source: From Bruce Vaughn and Wayne M. Morrison, "China-Southeast Asia Relations Trends, Issues, and Implications for the United States," Congressional Research Service, Library of Congress, <http://www.fas.org/sgp/crs/row/RL32688.pdf>; 10. World Trade Atlas, using official Chinese data.

Table 4. China's Imports From ASEAN: (\$ millions and % change)

Overall Rank in 2005	Country	2000	2004	2005	2004-2005 % change	2000-2005 % change
7	Malaysia	5,400	18,162	20,108	10.7	272.4
8	Singapore	5,060	14,002	16,531	18.1	226.7
11	Thailand	4,380	11,538	13,994	21.3	219.5
12	Philippines	1,677	9,062	12,870	42.0	667.4
18	Indonesia	4,402	7,212	8,430	16.9	91.5
36	Vietnam	929	2,478	2,549	2.9	174.4
72	Burma (Myanmar)	125	207	274	32.7	119.2
79	Brunei	61	251	208	-17.4	241.0
121	Cambodia	59	30	27	-7.6	-50.2
122	Laos	6	13	26	102.4	333.3
	ASEAN Total	22,099	62,955	75,017	19.2	239.5
	Total Imports	225,095	560,811	660,222	17.7	193.3
	Imports From ASEAN as a % of Total	9.8	11.2	11.4		

Source: From Bruce Vaughn and Wayne M. Morrison, "China-Southeast Asia Relations Trends, Issues, and Implications for the United States," Congressional Research Service, Library of Congress, <http://www.fas.org/sgp/crs/row/RL32688.pdf>; 11-12. World Trade Atlas, using official Chinese data.

China was the first to negotiate a regional free trade agreement with ASEAN. In November 2002, ASEAN and China signed the *Framework Agreement on Comprehensive Economic Co-operation*, agreeing the FTA would be created within 10 years.¹²¹ Brunei, Indonesia, Malaysia, Philippines, Singapore, and Thailand will become the first members of the China-ASEAN FTA in 2010.¹²² Most tariffs between these ASEAN member countries and China would begin to fall to 20 percent by 2005,

¹²¹ Bruce Vaughn and Wayne M. Morrison, "China-Southeast Asia Relations Trends, Issues, and Implications for the United States," Congressional Research Service, Library of Congress, <http://www.fas.org/sgp/crs/row/RL32688.pdf>; (accessed September 2007), 8.

¹²² Economy, "China's Rise in Southeast Asia: Implications for Japan and the United States."

eventually falling to zero by 2010.¹²³ Vietnam, Laos, Myanmar, and Cambodia will become members in 2015.¹²⁴ This agreement in completeness would create the largest trading bloc in the world with a combined population of 1.9 billion people and an economy of \$3.0 trillion dollars.¹²⁵ It is estimated by 2010, China's exports to ASEAN will grow by 10.6 billion or 55.1 percent.¹²⁶ ASEAN exports to China are expected to surpass 13 billion or 48 percent.¹²⁷ The total trade volume is estimated at 1.2 trillion dollars.¹²⁸

Not only is the China-ASEAN FTA projected to economically increase the vitality of the individual countries, but China initiated an early harvest package to provide early benefits through tariff reductions on 573 products to allow disadvantaged countries to deal with the negative impacts of the agreements in a timely manner.¹²⁹ The early harvest package is seen as a concession by China to share the benefits of the trade with everyone. Southeast Asia as a whole maintains a trade surplus with China of \$8 billion U.S. dollars annually. Its enormous exports of raw material and provision machinery allow the Chinese economy to continue with its growth.

¹²³ Vaughn and Wayne M. Morrison, "China-Southeast Asia Relations Trends, Issues, and Implications for the United States,".9

¹²⁴ Economy, "China's Rise in Southeast Asia: Implications for Japan and the United States."

¹²⁵ Vaughn and Wayne M. Morrison, "China-Southeast Asia Relations Trends, Issues, and Implications for the United States,".9.

¹²⁶ Economy, "China's Rise in Southeast Asia: Implications for Japan and the United States."

¹²⁷ Ibid.

¹²⁸ Ibid.

¹²⁹ Ibid.

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IV. CASE STUDY

This case study focuses on China's strong self-interest in unilateral development of the Lacang-Mekong River in relation to China's growing soft power in the region. My research focuses solely on China's unilateral dam building on the portion of the river that flows through Yunnan province as a potential source of hydropower. The case study examines a) what China is doing; b) why it is doing what it does; c) whether Beijing has enough soft power to influence the behavior of the lower riparian states; and d) the extent to which Beijing has used its soft power to exert influence. My hypothesis is that Beijing's growing soft power in the region will allow it to exert more influence with the downstream riparian countries. Beijing's soft power will allow it to continue with its unilateral approach toward development of hydropower on the Lacang-Mekong River. Beijing will continue its development plans without consideration of the lower riparian states. The case study focused on the five Southeast nations of Burma, Thailand, Laos, Cambodia, and Vietnam. Due to their geographic proximity, China's growing soft power in the region is most prevalent. Within the context of dam building for the purpose of hydropower, my hypothesis of Beijing exerting unilateral behavior toward the lower riparian countries is valid.

A. INTRODUCTION

The Lacang-Mekong River is the eighth-largest river in the world.¹³⁰ Its basin covers 800,000 square kilometers.¹³¹ The Mekong River runs through six countries – China, Myanmar, Thailand, Laos PDR, Cambodia, and Vietnam (See Figure 4). The Lacang-Mekong River originates in the Tibetan plateau, and flows from Yunnan province in southwest China through the remaining five riparian countries. Approximately 73 million agrarian people from more than 70 different ethnic minorities depend on the river

¹³⁰ Evelyn Goh, "Developing the Mekong: Regionalism and Regional Security in China-Southeast Asian Relations," *International Institute for Strategic Studies* 387, 17.

¹³¹ *Ibid.*, 17.

as their main source of livelihood.¹³² The population is expected to increase to 120 million by 2025, but the resources will not increase accordingly.¹³³ The river has been the center of multiple development projects to increase the economies of the countries it flows through.

Figure 4. Map of Lancang-Mekong River



Source: From Presentation by Kevin Yuk-Shing Ki, Consultant, IRN China Program. "Lancang River's Hydropower Plan and Power Grid Connection within China."

<http://www.irm.org/pdf/lancang/KevinLi2005.pdf> (accessed September 2007).

¹³² Sokhem Pech, "Regional Characteristics and Water Issues: From Mekong River Basin Perspectives," <http://www.wrrc.dpri.kyotou.ac.jp/~aphew/APHW2004/Proceedings/RCW/56-RCW-A290/56-RCW-A290.pdf> (accessed May 25, 2007), 3.

¹³³ Ibid.

Each of the developing countries desires to utilize the Lacang-Mekong River for a variety of purposes toward its respective economic development. The Lacang-Mekong River has the potential to increase water for cropland, fisheries, electricity generation, improved shipping networks, and industrial use. All projects are dependent upon the continued and steady flow of the river. The Lacang-Mekong River originates in the Tibetan highlands of China. Therefore the five countries are dependent upon China to maintain continuous flow of the river. China has several options. If China is moving toward a peaceful rise, development of the Mekong will benefit all countries associated with the Lacang-Mekong River. If the opposite is true, China will continue development for the Lacang-Mekong while maximizing the benefits while the lower basin countries bear the brunt of China's economic development. The brunt may foster conflict situations over food security, economic security, and physical security.

Although impact assessments show conflicting results, plenty of research is available on the implications of China's hydropower development of the Lacang-Mekong River upon the lower riparian countries. However, little research show the correlation between China's growing soft power in Southeast Asia and progress toward Beijing's perceived unilateral dam building plans. Development of the Lacang-Mekong River has the potential for multilateral development toward building a prosperous economic region. However, both Beijing and Burma are non-signatories of "the 1995 Agreement" and non-members of the Mekong River Commission (MRC). The MRC is perceived as the primary multilateral organization to lead the development of the hydropower development for the river. Burma's absence may be viewed as non-threatening since it is usually seen as under the influence of China and only retains a small portion of the Lacang-Mekong River. Burma lacks political and economic power to exert either soft or hard power in the region. However, China's non-member status worries many. China is viewed as a political and economic superpower in the region. Topped it off with its geographic, most northern upstream position and control over a large portion of water flow into the region worries many. Other actions by Beijing, such as the vote against the 1997 UN Convention on the Law of Non-Navigational Uses of International

Watercourses indicate a state focused on unilateral development plans for all international water sources originating within its borders to include the Lacang-Mekong River.

B. HISTORICAL DEVELOPMENT

The Mekong Committee (the formal name is the Committee for the Coordination of the Comprehensive development of the Lower Mekong Basin) was created in 1957 and sponsored by the United Nation's regional office in Bangkok in conjunction with the Economic Commission for Asia and the Far East (ECAFE).¹³⁴ The Mekong Committee was designed to development the socio-economic standing of the four riparian states through coordinated hydro-power, irrigation, and flood control projects. The Mekong Committee consisted of four of the six riparian states: Cambodia, Laos, Thailand, and Vietnam. Burma simply was not interested. Communist China was not a member of the ECAFE in 1957 therefore not invited to the international planning effort.¹³⁵ Most nations at the time recognized Taiwan as the legitimate government for all of China. During this time, Maoist China focused on its internal political and economic development. China was too busy implementing such initiatives as the Great Leap Forward and the Cultural Revolution to pay much attention to the development of the Mekong during its infancy.

Due to internal political conflict, contributions toward development from the Mekong Committee were limited between the years 1970-1974.¹³⁶ The Pathet Lao took over the Laotian government in 1970, Prince Sihanouk's regime was ousted in Cambodia, Vietnam's conflict with the United States ensured that much of the Mekong River in Southeast Asia was off limits due to conflict. Development was focused within Thailand's borders and the Mekong flood plains of Laos. It wasn't until 1978 that Vietnam and Laos resumed participation in the Mekong Committee. Cambodia rejoined in 1995. The combination of conflict along the Mekong River and China's wariness of

¹³⁴ Jeffrey W. Jacobs, "Mekong Committee History and Lessons for River Basin Development," *The Geographical Journal* 161, no. 2, July 1995, 138.

¹³⁵ *Ibid.*, 139.

¹³⁶ *Ibid.*, 142.

international organizations kept China at a distance. China viewed international development organizations as Western mechanisms to impose their will upon developing countries. China's memory of its "hundred years of humiliation" under Western imperialism created a sense of insecurity within China. China was very wary of foreign states intentions in China after experiencing the humiliation from the West in the 1800s.¹³⁷

China began participation international organizations in the early 1990s. In 1992, China became a member of the Greater Mekong Subregion (GMS). The Asian Development Bank created GMS to encourage coordination of trade and investment amongst the six riparian states. This is the only regional forum in which all six states are involved. China and Myanmar participate only as dialogue partners within the Mekong River Commission.

In the early 1980s, Deng Xiaoping's implementation of market based economic reforms skyrocketed China's economic growth. However, the economic boom was focused in several economic zones along China's eastern coastline. China's western development was largely ignored for the most part until China's western development campaign in 1999.¹³⁸ Prior to the western development policy, initial surveys for hydropower, irrigation, and flood management projects were conducted a various times. The Manwan Dam began operations in 1993 and the Dachaoshan dam in 2005. With the announcement of China's western development campaign, there has been a flurry of activities along the upper reaches of the Lacang-Mekong River.

What worries most Southeast Asian states is China's continued reluctance to sign agreements to cooperate on development of the Lacang-Mekong River and continuation of its unilateral projects.¹³⁹ China is planning for six more dams, with a combined

¹³⁷ Kenneth Lieberthal, *Governing China: From Revolution Through Reform*. (New York: W.W. Norton, 2004), 25.

¹³⁸ Darrin Magee, "Powershed Politics: Yunnan Hydropower under Great Western Development," http://www.darrinmagee.com/Magee2006_CQ185.pdf (accessed on July 13, 2007), 25.

¹³⁹ *Ibid.*, 292.

energy production of 20 million kilowatts.¹⁴⁰ China's continued economic success is dependent on a continuous supply of energy. The hydropower development plan for the Lancang-Mekong River is part of China's plan to provide cheap, clean energy for its economic boom. China plans on doubling the amount of hydropower the nation produces by 2010.¹⁴¹

There are few signs of a cooperative China. In November 2002, China signed an agreement to provide hydrological data on a daily basis on water levels in the upper Lancang River to assist the lower riparian states with early flood warnings. On April 20, 2000, at the Golden Triangle Hotel in Tachilek, Shan State (East) Myanmar, the Quadripartite Agreement on Commercial Navigation Lancang-Mekong became the first and only treaty relating to the Mekong River China is a party to.¹⁴² The treaty allows free navigation from Jinghong, China to Luang Prabang, Laos for China, Myanmar, Laos, and Thailand.¹⁴³ These are exceptions.

C. WHAT IS CHINA DOING?

Unlike other major rivers comparable in size, the Lancang-Mekong River is relatively untouched. The first bridge over the Mekong River, situated between Thailand and Laos was only opened in 1994.¹⁴⁴ The Lancang-Mekong River has the potential for 44,000 megawatts of hydropower and yet less than 10 percent of this has been

¹⁴⁰ Alex Liebman, "Trickle-down Hegemony? China's "Peaceful Rise and Dam Building on the Mekong," *Contemporary Southeast Asia* 27, no. 2, 2005, 289.

¹⁴¹ *Ibid.*, 289.

¹⁴² Maung Kyaw Zaw, "Quadripartite Agreement on Commercial Navigation on Lancang-Mekong River," <http://www.myanmar.gov.mm/Perspective/persp2000/4-2000/comm.htm> (accessed September 15, 2007).

¹⁴³ Sokhem Pech, "Regional Characteristics and Water Issues: From Mekong River Basin Perspectives," 10.

¹⁴⁴ Jorn Dosch and Oliver Hensengerth, "Sub-regional Cooperation in Southeast Asia: The Mekong Basin," http://www.smlc.leeds.ac.uk/eas/eas_content/about/floats/staff_details/documents/Dosch_Hensengerth.pdf (accessed September 2007), 281.

harnessed.¹⁴⁵ China plans on building a cascade of eight dams on their side of the Lacang-Mekong River. Figure 5 shows China and Laos PDR as having the largest potential hydropower.

Figure 5. Potential Hydropower in the Greater Mekong Subregion

Country/Province	Hydropower Potential (MW)	Hydropower Potential (%)
Yunnan	13,000	42
Burma	-	-
Lao PDR	13,000	42
Thailand	1,000	3
Cambodia	2,200	7
Vietnam	2,000	6
TOTAL	31,200	100

Source: From Bakker, Karen. "The Politics of Hydropower: Developing the Mekong." *Political Geography*. Vol. 18 (1999), p.214.

Currently, two hydroelectric dams are complete and operational. An additional two are under construction while the remaining four are in the planning phase. These eight dams will be the focal point of China's hydroelectricity production in this region. Figure 6 pinpoints the current and projected locations of the cascades of eight dams. Figure 7 gives the projected hydropower potential and projected completion dates. The goal is to produce enough energy to be used in the area and to be sold back to the eastern coastline cities. The eight dams are projected to produce 15,000 megawatts.¹⁴⁶ China began operations at Manwan Dam in 1996 and Dachaoshan Dam in 2003.¹⁴⁷ In 2004, work began on Nyoshadu dam. The Chinese claim when complete, the Nyoshadu and Xiawan Dam will result in the "the potential of huge social, economic, and ecological benefits in

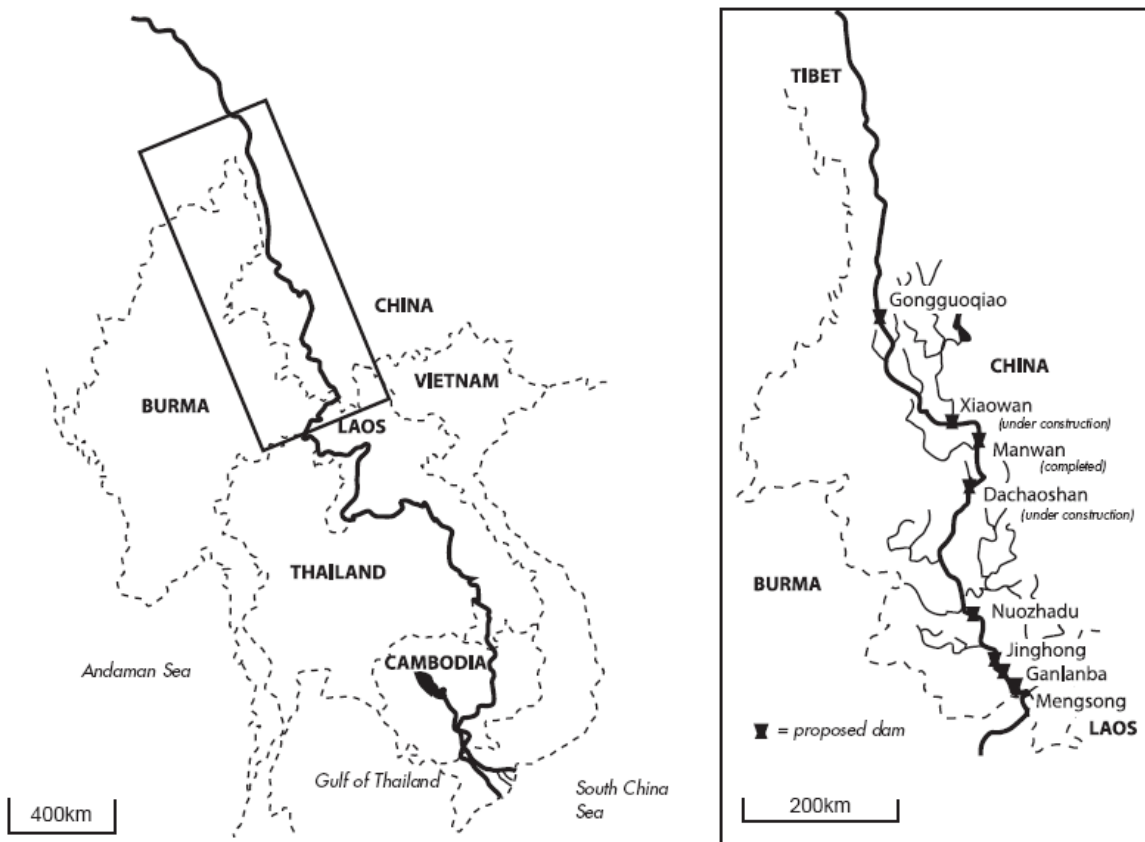
¹⁴⁵ Blake D. Ratner, "The Politics of Regional Governance in the Mekong River Basin," *Global Change* 15, no. 1, February 2003, 62.

¹⁴⁶ Blake D. Ratner, "The Politics of Regional Governance in the Mekong River Basin," 63.

¹⁴⁷ Oxford Analytica. "South-East Asia: Mekong Plan is High-Risk Strategy," (August 18, 1996) <http://proquest.umi.com/pqdweb?index=0&did=1106813811&SrchMode=1&sid=1&Fmt=4&VInst=PROD&VType=PQD&RQT=309&V> (accessed May 25, 2007).

downstream countries.”¹⁴⁸ The Xiawan Dam alone is predicted to regulate almost all the seasonal variation of water flow in an average year.¹⁴⁹ Planning officials claim these benefits will include increased irrigation, flood control, navigation and dry-season power generation.

Figure 6. China's Plans For Eight Dams Along the Lancang-Mekong River



Mekong River basin. Box highlights section of river where China plans to construct eight dams

Source: From International Rivers homepage. <http://www.irm.org/pdf/lancang/LancangFactsheet2002.pdf> (accessed September 2007).

¹⁴⁸ Blake D. Ratner, "The Politics of Regional Governance in the Mekong River Basin," 63.

¹⁴⁹ Ibid.

Figure 7. Status of Lancang-Mekong Dam Cascade Scheme

SITE	DAM HEIGHT (m)	INSTALLED CAPACITY (MW)	RESETTLEMENT (persons)	CURRENT STATUS	COMPLETION (year)
Manwan	126	1,500	3,513	Completed	1996
Dachaoshan	110	1,350	6,054	Under construction	2003
Xiaowan	300	4,200	32,737	Under construction	2012
Jinghong	118	1,500	2,264	Feasibility study	2010
Nuozhadu	254	5,000	23,826	Feasibility study	2017
Gonguoqiao	130	750	?	?	?
Ganlanba	?	150	?	?	?
Mengsong	?	600	?	?	?

Source: From “China’s Upper Mekong Dams Endanger Millions Downstream.” *International Rivers Network*. Briefing Paper 3. (October 2002) <http://www.irn.org/pdf/lancang/LancangFactsheet2002.pdf> (accessed May 25, 2007).

A 1993 joint venture with members from China, Burma, Laos and Thailand resulted in the Commercial Navigation Agreement of 2000.¹⁵⁰ Several clearings have begun to clear more than 100 shoals and reefs between the Chinese river ports of Simao in southern Yunnan and the Luang Prabang in Laos.¹⁵¹ Prior to the signing, navigation was limited by the presence of rapids and reefs, especially the low tide during the dry season. Due to the clearings, vessels of up to 150 tons can now traverse throughout the year.¹⁵² There are hopes to increase the capacity to 500 tons to allow transport between Kuang Prabang and to Vientiane.¹⁵³

Through various organizations such as the Asian Development Bank, China is taking part in the Greater Mekong Subregion initiative. This initiative is to build closer ties between the six countries through economic initiatives. These include connecting a region wide telecommunication grid, energy grid, road networks and bridges. All projects are geared to interconnect the six countries and to enhance the economic development of the region.

¹⁵⁰ Sayan Chuenodomsavad, “New Waves,” (2004) <http://ipsnews.net/mekong/stories/newwaves.html> (accessed May 24, 2007).

¹⁵¹ Ibid.

¹⁵² Oxford Analytica. “South-East Asia: Mekong Plan is High-Risk Strategy.”

¹⁵³ Ibid.

D. DRIVING FORCE

China's development of the Greater Mekong Subregion is driven by its domestic and foreign policy. Although, China's early economic reforms established a booming economy focused on the eastern coastline; it has left inner and western China wanting a taste of economic success. As a result, China has experienced an internal migration from west to east in search of higher wages. China hopes to dissipate this trend with their "Great Western Development Strategy" or better known as their "Go West" policy. The "Go West" policy was implemented in January 2000 to develop inner and western China.¹⁵⁴ In January 2000, the "Xibu Da Kaifa", or the "Great Western Development Strategy", covered six provinces, three autonomous regions and one municipality, namely: Gansu Province, Qinghai Province, Shaanxi Province, Sichuan Province, Guizhou Province, Yunnan Province, the Xinjiang Uygur Autonomous Region, the Ningxia Hui Autonomous Region, the Xizang (Tibet) Autonomous Region, and Chongqing Municipality.¹⁵⁵ Two months later it was expanded to include Guangxi Zhuang and Inner Mongolia autonomous regions.¹⁵⁶ Yunnan province is one of the original six provinces designated for development. The province is landlocked and straddles the countries of Laos, Myanmar, and Vietnam; therefore the development of the Lancang-Mekong River is considered the gateway for its economic development. The central government is building new infrastructure and providing incentives to encourage Chinese and foreign entrepreneurs and investors to develop the area.

Deng Xiao Ping's economic reforms have given rise to a fast paced growing economy. China ranked second in purchasing power parity in 2004.¹⁵⁷ China is one of the world's largest economies with a GDP growth rate of 9.1%.¹⁵⁸ China is projected to

¹⁵⁴ Aksomsri Phanishsarn, "Economic Implications of China's "Go-West" Policy: A View from Thailand," *ASEAN Economic Bulletin* 23. no. 2, (August 2006) http://muse.jhu.edu/journals/asean_economic_bulletin/v023/23.2phanishsarn.html#tab07 (accessed September 2007), 256.

¹⁵⁵ Ibid.

¹⁵⁶ Ibid.

¹⁵⁷ Dr. Alice Miller, Presentation on "Post-Cold War American Policy in Asia," 14 March 2007.

¹⁵⁸ Ibid.

continue on its fast growth rate therefore will require more energy to sustain it. Beginning in 1994, China began importing oil.¹⁵⁹ If China continues its current trend along with inefficient use of energy, the International Energy Agency projects China's current oil demand for 6.37 million barrels per day will increase to 14 million barrels per day by 2030.¹⁶⁰ By 2030, China oil dependency will require approximately 75 percent of its oil supply to be imported.¹⁶¹ Not to mention China has the largest population among all developing countries and in the world.

In respect to China's foreign policy, China views development of the Lancang-Mekong region as a key instrument to increase their bonds with ASEAN. Even though only five of the 10 members are directly affected by the development in this particular region, China views cooperation in this juncture as a stepping stone to closer ties with ASEAN. Increasing its relationship with ASEAN serves to counterbalance United States influence in the region and to minimize United States possible containment strategy of China.

E. LOWER RIPARIAN STATES WORRIES

China's reluctance to consult and coordinate their plans for the Lancang-Mekong River worries the lower riparian states. As each of China's dams comes online, there will be less water downstream. Each of the countries has its own concerns. Laos has its own plans for hydroelectric production.¹⁶² Laos hopes to sell the electricity to their neighbors. Thailand plans for dam production of hydroelectricity and irrigation.¹⁶³ Cambodia is concerned over its fisheries in Tonle Sap. Cambodians believe the dams on the upper portion of the Lancang-Mekong River effect the migration of the fish in Tonle Sap.¹⁶⁴ Vietnam is concerned its rice paddies in the Mekong River are not receiving the

¹⁵⁹ Dr. Alice Miller, Presentation on "Post-Cold War American Policy in Asia."

¹⁶⁰ Saunders, "China's Global Activism: Strategy, Drivers, and Tools."

¹⁶¹ *Ibid.*, 6.

¹⁶² Blake D. Ratner, "The Politics of Regional Governance in the Mekong River Basin," 64.

¹⁶³ *Ibid.*

¹⁶⁴ *Ibid.*

necessary silt maintain fertile grounds.¹⁶⁵ The lack of fresh water also contributes to the increase saliently of the Mekong Delta because of its proximity to ocean.¹⁶⁶

F. MULTILATERAL GROUPS

There are two primary multilateral organizations setup to deal with water resource management. The Mekong River Commission and the Greater Mekong Subregion are the most prominent and are there to increase cooperation between the member states. However, none are bond by the organization's rulings.

1. Mekong River Commission

The Mekong River Commission was established in 1995 between the governments of Cambodia, Lao PDR, Thailand, and Vietnam. With a vision for potential benefits from joint management of the water resources and development of the Lacang-Mekong River, the Agreement on the Cooperation for the sustainable Development of the Mekong River Basin was signed on 5 April 1995 with the goal "to cooperate in all fields of sustainable development, utilization, management and conversation of the water and related resources of the Mekong River Basin."¹⁶⁷ The Mekong River Commission coordinates joint basin wide planning through participation from the National Mekong committees in each state. Under the Mekong River Commission's Mekong Programme for the Sustainable Development of Water and Related resources involves it with fisheries management, promotion of safe navigation, irrigated agriculture, watershed management, environment monitoring, flood management and exploring hydropower options.

China and Burma became dialogue partners in 1996. Both states show no signs of wanting to become full members of the Mekong River Commission. Often their non-membership status is viewed as an example of Chinese unilateral behavior towards the

¹⁶⁵ Blake D. Ratner, "The Politics of Regional Governance in the Mekong River Basin," 64.

¹⁶⁶ Ibid.

¹⁶⁷ Mekong River Commission homepage, http://www.mrcmekong.org/about_mrc.htm#nmc (accessed May 15, 2007).

lower Mekong River Basin. China's non-signatory of the 1995, "Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin;" vote against the 1997 UN Convention on the Law of Non-Navigational Uses of International Watercourses; and dam development in the upper Mekong River without consultation of the lower riparian countries are all examples of Chinese unilateral action.

2. Greater Mekong Subregion

The Greater Mekong Subregion consists of China, Burma, Thailand, Lao PDR, Cambodia, and Vietnam. In 1992, the countries of the Greater Mekong Subregion with the assistance of the Asian Development Bank have involved themselves in numerous projects geared toward the development of socio-economic cooperation through closer economic linkages. As of June 2006, 26 Greater Mekong Subregion projects cost an estimated US\$6.5 billion.¹⁶⁸ These projects ranged from transport, energy, telecommunications, environment, human resource development, tourism, trade, private sector investment, and agriculture. The difference between the Greater Mekong Subregion and the Mekong River Commission is that China is a member of the former and not the latter. This allows China to exert influence on the lower riparian states. Beijing has positioned itself in a major multilateral organization to shape the agenda in the region.

3. Other Regional Organizations

Other organizations such as the ASEAN-Mekong Basin Development (AMBDC), the Forum for Comprehensive Development of Indochina (FCDI) and Economic Cooperation in Indochina and Burma (AFM-MITI) are a few organizations aimed at the development of the region. Beijing plays a major role in some of the organizations mentioned above. China is following agreed upon international practices, but China's

¹⁶⁸ Greater Mekong Sub-region homepage. "The GMS Program," <http://www.adb.org/GMS/Program/default.asp> (accessed 15 May 2007).

growing economy and attractiveness will increase Beijing's standing within the organization placing it in a position to create norms and values its own terms within the region.

G. CHINA'S SOFT POWER

Soft power is viewed in the context of "persuasion" and "agenda-setting." Persuasion is difficult to evaluate. Empirically, it is difficult to assess whether a particular action was due to China exerting soft power in the form of persuasion upon another state to act a certain way or another cause and effect relationship. One attempt to measure soft power is through polling. Public opinion can be revealed through polling, however availability of measurements are less available and reliable in Southeast Asia.¹⁶⁹ Other attempts focus recommending policies to enhance a state's soft power. Most efforts revert back to U.S. public diplomacy programs of the cold war. This try does very little explain Chinese soft power in Southeast Asia.¹⁷⁰

In this case study, I focus my attention on agenda-setting, another less spoken portion of soft power. Agenda-setting is the ability to set the preferences of others. In the past Beijing was wary of multilateral institutions, fearing its state sovereignty would be endangered. Beijing is a non-signatory of the "the 1995 Agreement" and a non-member of the MRC. However, in the last decade, Beijing has strategically placed itself to exert its soft power in the form of "agenda-setting" in the economic development of the Mekong River Basin. Table 5 shows Beijing as part of several other organizations such as the Greater Mekong Sub-region that play a major role in regional development, to include hydropower development.

¹⁶⁹ Bronson Percival, *The Dragon Looks South, China and Southeast Asia in the New Century*, (London: Praeger Security International, 2007), 112.

¹⁷⁰ Bronson Percival, *The Dragon Looks South, China and Southeast Asia in the New Century*, 112.

Table 5. Regional Frameworks in the Mekong River Basin and its participants

	Sector												Participants						
	a	b	c	d	e	f	g	h	i	j	k	l	T	V	L	C	M	PRC	Others
MRC						○	○	○	○			○	○	○	○	○	□	□	
GMS	○	○	○	○	○	●	●	●	●	○	○	○	○	○	○	○	○	○	ADB
AM-BDC	○	○	○								○		○	○	○	○	○	○	ASEAN
IAI	○	○	○								○		○	○	○	○			ASEAN
AH	○											○	○	○	○	○	○	○	ESCAP
HI-FI				○	○								○	○	○	○			ESCAP
FCDI	○	○	○	○	○					○		○	○	○	○	○			JAPAN
AME-ICC			○	○						○		○	○	○	○	○			JAPAN & ASEAN

a=transportation, b=energy, c=telecommunication, d=trade, e=investment, f=irrigation & agriculture, g=fisheries, h=navigation, i=water resource management, j=environment, k=capacity-building, l=tourism
T=Thailand, V=Viet Nam, L=Lao PRD, C=Cambodia, M=Myanmar,
PRC=People's Republic of China.

* (note1); □ means the status of a “dialogue partner” or a “observer”, but not a formal member.

(note2); the author adds ● to the original table in Nomoto (2002). Although these sectors were not included in the activities by the GMS to avoid a competition with the MRC when the GMS was launched, the GMS has changed and expanded its function to the extent that the GMS now deals with these sectors.

Source: From Kayo Onishi, “Hydropolitics of china and Downstream Countries in the Mekong River Basin,” <http://www.mekongnet.org/images/b/b6/Onishi.pdf> (accessed November 1, 2007).

Beijing is growing as a major financial contributor to many of these organizations therefore is placing itself in a position to set the preferences of others through legitimized multilateral organizations. Not only is china following agreed upon international practices, but China’s growing economy and attractiveness will increase Beijing’s standing within the organization placing it in a position to create norms and values its own terms within the region.

H. CONCLUSION

The research expanded my analytical framework beyond my focus of the hydropower development along the Lacang-Mekong River. Analyzing China exerting its soft power influence through water-related issues presented a macrocosmic perspective.

To successfully assess China's growing soft power in the region, the analytical framework needs to expand to include much broader economic development issues in the region.

Within the context of a new founded analytical framework, my new hypothesis will show Beijing exerts its soft power in the region to focus economic development in the region in their favor. China's growing soft power in the region is present by its positioning itself to set the agenda within these multilateral organizations to shape the system. As China's economy grows, it will continue to push the socio-economic development in the region in their favor while the lower riparian countries are forced to follow Beijing's lead.

V. CONCLUSION

Beijing's reaction to the Asian financial crisis of 1997 was truly a turning point for China. China did not devalue the yuan while providing emergency funds and loans to its neighbors in need. Beijing's new benign image was a welcome sight. Beijing's efforts to assuage the fears of its neighbors with its more benign image appear to be working. A 2005 British Broadcasting Corporation poll of average people in 22 nations on several continents overwhelming believed that China plays a more positive role in the world.¹⁷¹

China's economy is averaging an impressive growth rate of 8 percent in the last few years. The general belief is that as China prospers, others will benefit too. Prime Minister Wen Jiabao in a 2004 speech stated China's rise "will not come at the cost of any other country, will not stand in the way of any other country, nor pose a threat to any other country."¹⁷² Beijing's rhetoric of a "win-win" foreign policy, along with solid actions to backup its statements, increases China's attractiveness. China-ASEAN trade has seen an impressive growth of 19 percent annually during 1995-2002; in 2002, it reached \$54.8 billion. Chinese official claim the China-ASEAN trade surpassed \$100 billion in 2004. China claims as China's economy continues to grow, China will become a larger source of foreign direct investment.

China's growing economy allows China to become a larger player in the international system. China's aid to the Philippines in 2003 was four times greater than U.S. aid. China's aid to Laos was three times greater than U.S. aid. More important than the size of China's aid is the sophistication of China's aid. China has discretely associated its aid with policy goals. Chinese funds are used to sponsor numerous government officials for study programs to China.

China's influence is seen all around. More and more goods are marked with "Made in China" labels. China studies are the new fad and show no sign of dissipating.

¹⁷¹ Joshua Kurlantzick, *Charm Offensive, How China's Soft Power Is Transforming the World*, 9.

¹⁷² *Ibid.*, 38.

Chinese Confucius and culture schools are establishing themselves all over the globe. Understanding Beijing's objectives and aspirations are pressing issues because of its potential future in the Asia-Pacific region.

A. SHARED U.S. AND CHINA INTEREST IN SOUTHEAST ASIA

The U.S. interests in the Asia-Pacific region are as follows:

- Peace and stability;
- Commercial access to the region;
- Freedom of navigation; and
- The prevention of the rise of any hegemonic power or coalition.

The United States is a Pacific country and will always have a vested interest in a stable and prosperous Asia-Pacific community. The United States trades twice as much in volume with the Asia-Pacific than with Europe. United States and Asia-Pacific trade is approximately \$400 billion dollars and accounts for over 3 million jobs in the United States.¹⁷³ The United States is the largest consumer market for Asia-Pacific goods. Open U.S. markets are continually viewed by the Asia-Pacific countries as critical to Asian economic well-being and future growth. The United States absorbs 40 percent of China's exports, 33 percent of Japan's exports, and 20 percent of South Korea, Taiwan, and the countries of ASEAN exports.¹⁷⁴ In 2002, American trade with the Asia-Pacific countries exceeded trade between China and ASEAN by twice as much.¹⁷⁵ America's presence in the region ensures a seat at the table of Asian affairs to guarantee free flow of trade and to respond quickly to protect our interests.

¹⁷³ Joseph S. Nye, "The Case for Deep Engagement," *Foreign Affairs*, July/August 1995, 93.

¹⁷⁴ Robert Sutter, "Leadership Amid Continuing Challenges," in Ashley Tellis and Michael Wills, eds., *Strategic Asia 2004-05: Confronting Terrorism in the Pursuit of Power* (National Bureau of Asia Research: 2004), 49.

¹⁷⁵ Robert Sutter, "Leadership Amid Continuing Challenges, 49-50.

China's Current Strategic Goals:

- Maintain a stable environment on its periphery;
- Encourage economic ties that contribute to China's economic modernization and thus to regime stability;
- Further isolate Taiwan and block moves toward its de jure independence;
- Convince others that China is not a threat;
- Increase China's influence in East Asia, in part to prevent "containment" of China in the future; and
- In Southeast Asia, secure recognition as the most influential external Asian power.

The United States and China share multiple interests in Southeast Asia. Although in the past, the United States has not given the attention Southeast Asia deserves, times are changing. With the labeling of Southeast Asia as the second front for the war on terrorism and China's increasing influence into the region, the United States must refocus. Southeast Asia has an approximate population of 500 million and contains vast amounts of natural resources. It is the crossroads between East Asia to the Middle East and the Indian subcontinent. Most oil imports for key U.S. allies in the Pacific transit the straits and sea lanes of communication of Southeast Asia. The United States and China want to ensure economic stability and prosperity in the region. The United States trade with Southeast Asia was more than \$136 billion in 2004 while China was a little less than \$100 billion.¹⁷⁶ Although there is an increasing trend of trade between China and ASEAN, the figures show the United States is still the largest market for Southeast Asian goods.

B. IMPLICATIONS

China's growing influence in Southeast Asia may prove to be good for the region and more importantly for U.S. interest. If China takes steps the U.S. desires, then

¹⁷⁶ Economy, "China's Rise in Southeast Asia: Implications for Japan and the United States."

Washington will have no qualms with Beijing's rising status. China's determination to be viewed as a benign rising regional power has China racing to take new steps not associated with traditional hard power. China's participation in various regional organizations may prove to be beneficial in addressing nontraditional security issues and economic issues. China's push for a China-ASEAN free trade area is building the foundation for the region to think of itself as one economic bloc. If the China-ASEAN free trade area is expanded to include Japan and Korea, the U.S. business community would look upon it approvingly. These steps may be the stepping stones to bring unity to a region that is strife with historical memories and geographic barriers.

China's soft power could have the opposite effect and have disastrous effects. China's model, also referred to as "Beijing Consensus," is viewed as an alternative to the "Washington Consensus." In particular, authoritarian governments who are determined to stay in power prefer the "Beijing Consensus." Its emphasis on economic and financial aid without preconditions, give dictators free reign to ignore Washington's desire to promote free democracies in the world. Beijing's support of authoritarian governments would stall democratization and better governance in these countries.

Doing business with Beijing has resulted in the export of poor labor, political, and environmental policies. Deforestation is an issue in Burma as trade increases with China. The Philippine government has been accused of providing no transparency on a \$400 million aid program for a major Northrail rail line. Environmentalists are screaming of the lack of environmental assessments to determine the impact of the project.

It will be some time before the Chinese military can pose a challenge to the U.S. presence in the Asia-Pacific Region. The swift 2003 Iraq invasion can attest to U.S. supremacy in technology and the application of force during a war. The Chinese lack the force projection capability needed to challenge the U.S. military. The negative reactions from China's application of force during the Taiwan Crisis of 1995-1996 and the 1995 Mischief Reef incident are examples for why China is steering clear of hard power to achieve its objectives.

China's soft power has shown a steady increase in the Asia-Pacific region and has proven to be useful in achieving its strategic objectives. China's good neighbor policies have diminished some fears of a rising China. China's influence in the area can be seen with the spreading and acceptance of Chinese culture. Southeast Asians only a decade ago looked suspiciously to the north are now welcoming them with open arms.

The U.S. unilateralist approach to the invasion of Iraq resulted in a less favorable environment toward U.S. foreign policy. U.S. popularity in a vast number of countries has dropped drastically, where as China's numbers continue upward. The U.S. must shift focus and maintain their footage in Southeast Asia. Japan is the foundation of U.S. foreign policy in Asia. Both the U.S. and Japan hold key interest in ensuring peace and stability is maintained; sea-lanes are free to navigate; and to prevent a hegemonic power from rising. It is too early to tell whether China's rise will be benign or not. However, the U.S. can take proactive steps with Japan to ensure China's rise does not equate to diminishing U.S. priorities.

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