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A classical liberal approach to
post-pandemic relations with China

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STEPHEN DAVIES
AND SYED KAMALL

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About the authors

Steve Davies is Head of Education at the Institute of Economic Affairs in London. From 1979 until 2009 he was Senior Lecturer in the Department of History and Economic History at Manchester Metropolitan University. He has also been a Visiting Scholar at the Social Philosophy and Policy Center at Bowling Green State University in Bowling Green, Ohio and a programme officer at the Institute for Humane Studies in Arlington, Virginia. A historian, he graduated from St Andrews University in Scotland in 1976 and gained his PhD from the same institution in 1984. He was co-editor with Nigel Ashford of *The Dictionary of Conservative and Libertarian Thought* (Routledge 1991) and wrote several entries for *The Encyclopedia of Libertarianism* edited by Ronald Hamowy (Sage 2008), including the general introduction. He is also the author of *Empiricism and History* (Palgrave Macmillan 2003), *The Wealth Explosion: The Nature and Origins of Modernity* (Edward Everett Root 2019) and of several articles and essays on topics including the private provision of public goods and the history of crime and criminal justice.

Syed Kamall is the Academic and Research Director at the Institute of Economic Affairs and a Professor of Politics and International Relations at St Mary's University, Twickenham. From 2005 to 2019, he was a Member of the European Parliament (MEP) and sat on the European Parliament's International Trade and Economic and Monetary Affairs Committees. After earning his PhD at City University, London, he researched and taught international business and trade at the University of Bath and Leeds University Business School, supervising Chinese PhD students and co-authoring academic papers on firms in China.

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Summary

- Covid-19 is provoking a major reorientation of the foreign policy of the US and Europe. At the heart of this is their changing relationship with China.
- Before the Coronavirus there were concerns over the actions of the Chinese government, but the pandemic has given rise to fears of a new Cold War.
- These fears are based on out-of-date assumptions and a misunderstanding of China's motivations: unlike the USSR it does not seek hegemony, nor to evangelise and export its political and economic system. Rather it acts out of self-interest and seeks to become both a model nation for developing countries to emulate and the dominant rule setter in the international trade and financial system.
- The strategy of constructive engagement or liberal internationalism is no longer working – but a more confrontational relationship with China could be economically costly and politically dangerous.
- There is an alternative to simple confrontation and military competition, one that could be more effective in promoting the goal of a freer and more peaceful world.
- The West may have to restrain sensitive trade and respond robustly to the Chinese government's actions in Xinjiang, Hong Kong and against Asian neighbours. However, this approach could be supplemented with a programme of engagement between private individuals, organisations and firms in free societies with their counterparts in China.
- A strategy of organising more contact at a civil society level could lead to social and cultural changes that China's current rulers will have to go along with or find much less easy to manage.

Introduction

Covid-19 has done more than cause a medical and economic crisis. It is provoking a major reorientation of the foreign policy of both the United States and Europe. At the heart of this is the question of their changing relationship with China.

In terms of international relations, are we moving from an era of constructive engagement or liberal internationalism to more realist and confrontational relations with China - or is there another way?

It is important that liberal democracies consider these questions carefully, as incorrect responses could be both economically costly and politically dangerous. They could result in a second Cold War. But history, including that of the first Cold War, suggests there is an alternative to simple confrontation and military competition, one that could be more effective in promoting the goal of a freer and more peaceful world.

Reform and opening up

In the late 1970s, Deng Xiaoping became paramount leader of China and introduced a series of economic reforms. In several cases these reforms were not top-down measures but the Chinese Communist Party (CCP) recognising and approving changes that had already happened at a local level and putting them into a legal framework.

China's farmers were recognised as having individual control over and responsibility for their production and profits, leading to increases in agricultural production. Many industrial enterprises broke free from central state control and supervision, allowing factory managers to determine production levels and to pursue profits for their enterprises (Zhou 1996).

By accepting and recognising these spontaneous bottom-up transformations and then encouraging them to go further by embedding them in a legal framework Deng did two things. Firstly, he dramatically transformed the performance of the Chinese economy. Secondly, and probably more importantly from his point of view, he turned the transformation to the advantage of the CCP and made it possible for it to remain in control, in fact for its control of Chinese society to paradoxically become stronger.

The Party had aligned itself with a transformation of Chinese society and consequently was able to direct it to some degree, and to use that to extend its power. This explains both why the hopes that Western observers placed in economic modernisation have proved to be misplaced and also why, despite its success, the Chinese leadership, in the shape of the CCP, remains both vulnerable and nervous (Zhou 2017). In foreign affairs, Deng strengthened China's trade and cultural ties with the West and opened Chinese enterprises to foreign investment (Encyclopaedia Britannica 2020) In response, the United States and European countries followed a policy of supporting the market reforms there and engaging fully with China on

an economic basis, including admitting China as a member of the World Trade Organization (WTO). The UK government was especially keen to forge closer ties, literally rolling out the red carpet for President Xi Jinping in 2015 and pledging to make the UK Beijing's 'best partner in the West' (Financial Times 2020).

Obviously, there were economic benefits for both China and western countries, but there was also a belief that by integrating China into the world economy and encouraging exchange between western and Chinese firms and individuals, a number of non-economic benefits would also follow. The thinking was that as a middle class grew in China and living standards improved, along with the increased contact with and awareness of the outside world, greater openness within China itself would result, leading to pressure for political change and a move to greater liberalisation. Markets plus prosperity would lead by a natural process to more liberty and even democracy, perhaps along the lines of South Korea's transformation from a military dictatorship to a democracy in the 1980s. Lying behind this was a kind of economic determinism which saw a move to a market economy, introduced from the top down, naturally leading via economic change to social and political change.

As far as the international relations aspect of this goes, with the West incorporating the People's Republic into international and multilateral arrangements and institutions such as the WTO, this is best understood in terms of the theory of liberal internationalism. This approach advocates diplomacy and multilateralism as the most appropriate strategies for states to pursue, and regards conflict and confrontation as the policy of last resort. Liberal institutionalists go further and champion international organisations, such as the United Nations, and a body of law and treaties that they generate, as governing relations between states (Encyclopaedia Britannica 2016).

Concerns

In recent years, US, European and some Asian commentators have started to question whether engagement is working out as hoped. Western politicians are increasingly expressing concerns over the Chinese government's suppression of internal dissent, human rights abuses, aggressive foreign policy, blind eye to violations of intellectual property rights, cyberattacks, technology espionage and currency manipulation. In addition, the Chinese leadership has refused to engage with international bodies and agreements in ways that would limit or constrain the sovereignty of the Chinese state (to be fair, they are not alone in this).

It seems that engagement has not curbed authoritarianism within China. The United Nations has reported that at least one million ethnic Uighurs, and other Muslims, have been detained in camps in China's remote Xinjiang province. In response, the UK has become a leading critic with its ambassador to the United Nations delivering a statement in October 2019 on behalf of 23 countries to the UN's human rights committee condemning the Chinese government's detention of Muslims (Rahim 2019).

This prompted a group of 54 countries, led by Belarus, to submit a counter-statement supporting China. It followed an earlier condemnation of China's treatment of its Muslims in July 2019 by 22 signatories to the UN Human Rights Council (Human Rights Watch 2019). That earlier letter had similarly prompted a response from 37 countries praising China's human rights record, including several Muslim-majority countries such as Saudi Arabia, Syria, Pakistan, Oman, Kuwait, Qatar, the United Arab Emirates and Bahrain.

This distinct lack of solidarity with their Muslim brethren in China can probably be explained by these countries' own poor records on human rights, their opposition to western countries framing the human rights debate, as well as concerns over terrorism and extremism. Indeed, the

July 2019 letter supporting China praised the Beijing government for 'counter-terrorism and deradicalisation measures in Xinjiang, including setting up vocational education and training centres' (Miles 2019).

An additional factor contributing to the level of support shown to China in international fora has been the Chinese government's patient diplomacy in building its influence around the world. In 2019, China overtook the USA in the number of diplomatic missions (Doherty 2019). The Chinese government has also in recent years been signing up other countries to its so-called Belt and Road Initiative (BRI), which has been described as 'a state-backed campaign for global dominance'. Less suspicious interpretations view BRI as a 'Chinese Marshall Plan', a stimulus package for a slowing economy or a massive marketing campaign for Chinese outward foreign direct investment (FDI) (Kuo and Kommenda 2017).

The Chinese prefer to see it as a New Silk Road, comprising a network of railways, energy pipelines and roads westward via Central Asia and Southeast Asia and maritime routes along the Indian Ocean, from Southeast Asia all the way to East Africa and parts of Europe (Chatzky and McBride 2020). Between 60 and 70 countries - accounting for two-thirds of the world's population - have signed up or indicated an interest. The total cost has been estimated in excess of one trillion US dollars.

The diplomatic advantages of the Belt and Road Initiative are being increasingly recognised by the diplomatic community. A western diplomat whose country signed the letter condemning China's treatment of the Muslim Uighurs suggested that 'China is starting to ask some favours back from their investments ... and it's only the beginning' (Fillion 2019). The BRI also has a clear strategic and geopolitical purpose beyond any economic or diplomatic benefits, inasmuch as it limits the ability of the US navy to interdict or disrupt trade and supply routes. It thus simultaneously has an economic, a diplomatic and a geostrategic purpose.

These opposing coalitions at the United Nations and geopolitical manoeuvring may seem reminiscent of the Cold War when the US-led bloc vied with the Soviet-led bloc for global hegemony, resulting in a realist balance of power.

The realist schools of international relations view international politics as an anarchic environment in which there is no world government to impose order and stability, leading states to act in their own self-interest for survival.

This anarchy has the potential to escalate into military conflict. Periods of relative peace or violence are explained by the interactions of the more powerful states in the system (Weiss and Wilkinson 2014).

Kenneth Waltz, a leading realist, argued for the stability of bipolarity, i.e. a balance between two great powers and their spheres of influence (Waltz 1964). As an aside, it should perhaps be noted that the concept of balance of power is not unique to realism in international relations theories. In developing a classical liberal theory of international relations, Edwin Van de Haar cites David Hume's writings on how a balance of power leads to a stable international order. Hume was writing almost 200 years before realism became a leading international relations theory (Van de Haar 2009).

While the Chinese government's actions in Xinjiang and elsewhere have attracted increasing criticism, its behaviour in the early stages of the pandemic has enraged Western policymakers. Its subsequent actions have confirmed the growing suspicion that China may be more a threat than a partner, both geopolitically and ideologically. These factors, along with the rising feeling of frustration and disappointment with the failure of things to work out as expected where the development of Chinese governance is concerned, are now leading to a serious reassessment.

An outbreak of Covid-19 and hostilities

There is a general consensus that China mishandled the initial outbreak of Covid-19. Not only were the Chinese authorities slow to notify the World Health Organization (WHO), under the terms of the International Health Regulations (2005), but some reports suggest that the Chinese government attempted to cover up the outbreak (Yuan 2020).

Rather than admitting mistakes in its initial handling of the outbreak, the Chinese government has embarked on what has been termed 'face mask diplomacy', sending pandemic experts and shipping medical masks and ventilators to countries in need (Wong 2020). At the same time, Chinese diplomats have become increasingly aggressive in their language, accusing critics of covering up their own poor response to the pandemic.

There have been various explanations for China's diplomatic behaviour. One is the concept of 'saving face' or 'mianzi' (Amako 2014). The argument goes that 'saving face' is such an important part of Chinese culture, that rather than confessing to mistakes, the Chinese government would prefer to get on the front foot and be seen as part of the solution. Hence, its enthusiasm for sending out equipment, especially to neighbouring countries.

The concept of understanding 'mianzi' is not unique to political diplomacy. International business scholars also write about the importance of 'mianzi' and 'guanxi' (connections, trust and goodwill) in building relationships with firms and with governmental bodies in China (Buckley et al. 2006). Another explanation is that the Chinese government no longer wishes to be seen in a submissive position and so is encouraging a new generation of 'Wolf Warrior' diplomats (Kang 2020).

This diplomatic aggressiveness has been matched by bellicose actions by China's military and security services in East and South Asia. In recent months a Chinese ship rammed and sunk a Vietnamese vessel in the contested waters of the South China Sea; Chinese research, coastguard and fishing ships began survey work near a Malaysian oil rig, off the Malaysian coast; the Chinese government announced two administrative units on islands in the South China Sea also claimed by Vietnam (Mclaughlin 2020); and the Chinese air force has increasingly breached Taiwan's airspace (Sarkar 2020).

In June, the Chinese army killed three Indian soldiers, the first military casualties along the disputed border for more than four decades (Griffiths et al. 2020). Subsequently, there have been even more serious clashes, leading to the deaths of at least twenty Indian soldiers and an unknown number of Chinese ones. This is in addition to the Chinese government announcing a new national security law in Hong Kong which critics claim will roll back the 'one country, two systems' model agreed when the UK handed sovereignty back to China in 1997 (Davis and Tin-bor Hui 2020).

A new Cold War?

This ramping up of diplomatic and military activities while the rest of the world focuses on the pandemic are prompting fears of a new Cold War. There is a difference between the realist model of multipolar or bipolar competition described above, and a 'cold war'. The latter is a situation of ideological and other kinds of competition, with at least one of the competing powers looking to spread its ideology or political system. It is this element of evangelism that lifts normal competition for advantage to a higher level.

Is the Cold War of 1948 to 1989 the right model though? China's activities in its neighbourhood may be partly explained by a certain defensiveness due to a determination to never again be dominated by foreign powers. Memories of actions by the British during the Opium Wars and Japanese occupations are still raw. In 2019, the Chinese State Council Information Office released a white paper titled 'China's National Defense in the New Era' which stated: 'From the mid-19th century, China was abused by the Western powers and left with indelible memories of the suffering brought about by war and instability'(The Straits Times 2019).

Unlike the Cold War, when the USA and Soviet Union vied for hegemony, the white paper is explicit in claiming that 'China will never seek hegemony'. It explains 'it has always been China's unswerving national will to strive for a peaceful international environment favourable to its own development'. This claim actually fits with the historical pattern of Chinese policy, which has never sought a form of direct imperial rule or hegemony over remote regions or parts of the world with large non-Han populations (the historical territorial expansion of China into areas such as Yunnan has been into contiguous areas and has involved large -scale migration that has transformed their demographic makeup into one that is predominantly Han).

Instead the historical pattern is one of the so-called tributary relationship between China and surrounding areas of the world, with the nature of that relationship changing with distance and ease of communication as well as relative power (Fairbank and Teng 1941). This was partly embodied in the system of 'tribute trade' which governed Chinese trade relations until the advent of European imperialism in East Asia in the nineteenth century. China's policy may make more sense as a revival of a traditional way of organising international relations in East Asia and the Indian Ocean than as a rebirth of Western or Soviet style imperialism and their quest for hegemony (Wills 2010).

The Chinese leadership is also not engaged in the kind of evangelism for its own political and economic system that we saw with the Soviet Union. There is no network of parties around the world that seek to bring their own countries into alignment with an ideology promoted by China. Nor do the Chinese leadership look to impose governments on other states that are ideologically congenial – it is clients they are looking for not satellites.

What we can see is something more subtle. There is a competition to become the model or pattern nation that others look to emulate, particularly where nations that are developing economically are concerned. There is also a project of becoming the dominant rule setter in the international trade and financial system, supplanting the US and the EU in that regard. So, this is not so much about power apart from in the East Asian region; it is about being free of rules determined by others and becoming a rule maker, and about becoming the main model for development.

This is where an element of ideological or rival systems competition does come in to play. We should recognise though that contemporary China is guided more by the traditional theory of Legalism (a form of ultra-hard headed realism that has for much of history been the actual as opposed to official doctrine of Chinese governance) (Cleary and Yang 2013; Potter 2003). It does not though see itself as having a mission to spread this. The element of ideological competition comes from other rulers around the world seeing features of the Chinese system - such as authoritarianism and control of the everyday lives of ordinary people through the notorious 'social credit' system - as something admirable and to be emulated. This tendency is strengthened by a perception that the system commands popular support within China and does not face serious criticism or opposition there.

In terms of the geopolitics, and if taken at its word, China's ambitions for its development could be viewed more in the context of international business theories for outward foreign direct investment (FDI), especially the resource-seeking and strategic asset-seeking motives (Dunning 2009). Chinese firms, both state-owned enterprises (SOEs) and non-SOEs, which both have links to the highest levels of the Chinese Communist Party, engage in outward FDI since they need access not only to markets but also to resources - such as raw materials or skilled labour - and to strategic assets such as technology, knowhow and intellectual property.

As China becomes a net outward investor, the Chinese government's interest is in 'protecting its outward investments and facilitating access to markets for its firms' (Sauvant and Nolan 2015). These motivations also suggest a major incentive for the Belt and Road Initiative discussed above. This model is compatible with the idea of a revival of the 'tributary' system and has similarities to the way that system worked historically, such as the connection with trade flows and outward investment.

The choice

Even if a new Cold War is not in the offing, it is certainly true that Covid-19 has provoked a radical reassessment of the nature of the Chinese state and the appropriate western foreign policy response to it.

The traditional western International Relations theorists' view of foreign policy as a choice between a realist balance-of-power containment strategy or continuing the current liberal internationalist engagement is arguably based on out-of-date assumptions and a misunderstanding of the orientation and goals of the Chinese elite. China will continue to pursue and protect its own interests, so its government should perhaps be believed when it claims that is not interested in being a hegemonic power in an otherwise anarchic international system.

Re-evaluating current assumptions may help to avoid a second Cold War, which would come with huge economic and political costs. There is also the fear that it could actually feed authoritarianism, not only in China but also in the liberal democracies. The problem for those who support liberal principles and the rule of law is that these are undermined by sustained and intense competition, even if it falls short of outright war. The measures that it is easy to take for national security reasons will often violate principles such as freedom of speech and association or legal procedural rights. The danger is that these kinds of departures will become entrenched. The original Cold War created an enormous body of vested interests such as the notorious military industrial complex, which are persistent and have a damaging effect on the practice and institutions of liberal democracy.

So, if China is no longer to be seen as an expansionist power of a kind that is familiar to Western observers, how should it be viewed? China's quest for resources and strategic assets reveals a strong element of ideological competition. For example, while western countries seek to

attach conditions on foreign aid to African countries in pursuit of good governance objectives, Chinese assistance comes not only in the form of capital, but is combined with materials and labour to deliver and complete infrastructure projects, with none of the good governance requirements that western countries insist upon.

In contrast to the West's attempts to spread what critics see as ideological preferences through their foreign aid programmes, the Chinese government's strategy creates the appearance of a win-win situation, delivering infrastructure such as roads, railways and power stations to aid economic development in return for access to the resources that Chinese owned enterprises need. In fact, the concept of win-win was explicit in the The Guidelines of the Eleventh Five-Year (2006-2010) Plan of the People's Republic of China for the National Economic and Social Development.¹

However, the interpretation of 'win-win' has been contested. The Sri Lankan government agreed to hand over its southern port of Hambantota to China on a 99-year lease, after it was unable to pay its debts to Chinese state-controlled entities. Constantino Xavier of the Carnegie think tank has suggested this is part of a deliberate strategy where Beijing convinces a local partner to 'accept investment plans that are detrimental to their country in the long term, and then uses the debts to either acquire the project altogether or to acquire political leverage in that country' (Stacey 2017). In contrast, the Chinese media sees it as bailing out the Sri Lankan government, so still a win-win situation. A question that will need to be asked is whether these different approaches represent another clash of ideologies along Cold War lines or more a clash of exemplars, with the Chinese prepared to work with and even support repressive regimes, while not necessarily seeking expansion at the expense of others.

Even if the West continues to view China's foreign policy in potential Cold War terms, this does not necessarily mean we face a simple choice between containment and confrontation on one side and a continuation of the discredited current levels of commercial and political engagement on the other. There is a third way of approaching this challenge that offers a way out of the dilemma. This is what nineteenth century liberals called 'people's diplomacy'. It was a strategy developed by classical liberal peace activists such as Joseph Sturge and Henry Richard MP.

1 Available in English at: <https://policy.asiapacificenergy.org/sites/default/files/11th%20Five-Year%20Plan%20%282006-2010%29%20for%20National%20Economic%20and%20Social%20Development%20%28EN%29.pdf>

The central idea was that to change relations between states you needed to bypass formal diplomatic relations. Instead you encouraged direct connections and exchanges between private persons in both political communities. Official relations between governments would be supplemented by contacts both organised and informal between private individuals. These would create connections and direct exchanges between the populations of different states, between peoples as opposed to governments and large firms (Tyrrell 1988). As well as being distinct from formal diplomacy this is also more than commercial relations. The emphasis is rather on personal contacts and the exchange of ideas.

This goes beyond the notion of encouraging more direct connections and mutual understanding. In the context of an ideological contest between political systems as well as governments, the idea is that these exchanges will work to spread ideas, to strengthen and encourage dissidents and opposition in the authoritarian state, and to support the cause of personal liberty and those upholding it. It draws a clear line between other people as a whole and the rulers (in this case the Chinese Communist Party and its supporters).

Sturge and others originally worked out the idea and practice as an alternative to the aggressive and interventionist foreign policy of Palmerston with regard to continental monarchies, which they saw as too bellicose and also counter-productive. The radical classical liberals of the time shared with Palmerston the desire to see liberal institutions and principles more widely adopted but believed that political and military confrontation (and even more so, military intervention) would actually strengthen absolutist regimes by identifying the rulers' interests with those of their subjects, while damaging liberal institutions at home. The idea instead was to make armed conflict less likely by increasing the number and importance of private connections while at the same time spreading support for liberal ideas and assisting indigenous and domestic movements for greater liberty (Griffiths 2012).

This was the policy used by abolitionists in the ante-bellum American republic. In that case northern abolitionists worked with southern sympathisers to support runaway slaves (through the institution of the famous 'underground railroad') and to spread literature attacking the 'peculiar institution' among both slaves and the white population. As well as measures such as smuggling pamphlets and abolitionist literature into the South (actions subject to severe criminal sanctions) there were things

such as organised letter writing and the circulation of knowledge by word of mouth (not least on how to use the underground railroad). The most extreme and dramatic example was when the 'Secret Six' leading northern activists funded and assisted John Brown's raid on the federal arsenal at Harper's Ferry and his failed project to spark off a slave uprising.

Although not always called that, this was also a strategy employed with some success in the later stages of the Cold War. In the early 1980s, anti-communist thinkers such as David Marsland and Roger Scruton smuggled books and gave lectures behind the Iron Curtain, as well as helping political refugees to raise awareness of repression in their homelands (The Times 2020). Another aspect was organised efforts to support dissidents such as Vaclav Havel or Andrei Sakharov and beyond that to make contact with ordinary citizens in the Soviet Union and other communist states. This kind of evangelism was private and independent of official propaganda efforts by Western governments, such as Radio Free Europe or Voice of America.

It is clear that there is a profound ideological divide between the present Chinese regime and the West. This needs to be made explicit by focusing on the specific issues of disagreement rather than giving the appearance of blanket criticisms of 'China' or of 'the Chinese' which give the Chinese government grounds to accuse its western critics of racism. There may have to be restraints on sensitive trade and a more robust response to issues such as China's policy in Xinjiang, suppression in Hong Kong and sabre rattling against Taiwan and other Asian neighbours. This could be supplemented with a programme of engagement between private individuals, organisations and firms in the West with their counterparts in China. There may well still be risks, especially to willing interlocutors in China, as demonstrated by the closing down of the Unirule Institute of Economics, which advocated free-market economic theories and had links with US academics (Campbell and Martin 2019).

However, this type of people-to-people engagement could still be considered far less risky overall than overt military confrontation and, in the longer run, more likely to succeed. In particular a strategy that gives 'people's diplomacy' a prominent place will avoid the otherwise massive elephant trap of consolidating internal support for the CCP within the Chinese population, due to it being able to present itself as the bearer and defender of Chinese national pride and independence. Moreover, it makes use of the reality alluded to at the start of this paper, of the way in which Chinese

internal development since the death of Mao should be understood. The CCP since then has successfully ridden and directed the tiger of bottom-up spontaneous economic and social change, not least by identifying their own interests with those of the wider population. This is a source of great strength but also of vulnerability. A policy of encouraging organised contact at a civil society level has the possibility of working with internal developments and helping them to take on forms and directions that the current rulers will find much less easy to manage.

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The Institute of Economic Affairs
2 Lord North Street
London SW1P 3LB
Tel 020 7799 8900
email iea@iea.org.uk

