Chapter 6

Barking Up the Wrong Tree?
The Master Narrative of “China Threat Theory” Examined

Chengqiu Wu

When we explore the “challenges facing Chinese political development,” it is helpful to examine how other states perceive the rise of China and whether the perception is correct. In this regard, “China threat theory” (zhongguo weixie lun) has been a hot topic in the popular press and the scholarly literature in China since the early 1990s. The term “China threat theory” is often used to refer to a group of literature that treats a rising China as a threat to other countries. For the Chinese government and populace, “China threat theory” itself is a threat: it is believed to have been mostly produced in the United States by media, scholars, and politicians unfriendly to China, and it can poison China’s relationships with its neighbors and the United States. Therefore, it has been the target of voluminous criticisms from Chinese media and scholars. Nonetheless, as William A. Callahan insightfully observes,

Chinese texts gather together a diverse and contradictory set of criticisms of the PRC and use ‘China threat theory’ discourse to collectively label them as foreign. By then refuting the ‘China threat theory’ criticisms as fallacies spread by ill-intentioned foreigners, the texts assert ‘peaceful rise’ as the proper way to understand China’s emergence on the world stage. Thus in a curious way, the negative images of the PRC that are continually circulated in Chinese texts serve to construct Chinese identity through a logic of estrangement that separates the domestic self from the foreign other.

The author agrees with Callahan that the Chinese criticisms of “China threat theory” have been a discourse for identity construction in China. Yet, one may wonder: have the Chinese critics of “China threat theory” been barking up the wrong tree? Is there a “China threat theory” in the United States? If so, does it deserve the criticisms that it has received? This chapter is intended to answer these questions.

The Chinese criticisms have lumped together many negative things about China – “clash of civilization theory,” “China collapse theory,” “yellow peril
theory,” “contain China theory,” “China environmental crisis theory,” etc – and labeled them as “China threat theory.” This makes the concept of “China threat theory” highly ambiguous. This chapter understands “China threat theory” more specifically as a master narrative claiming that China’s rise leads to military and economic threats to its neighbors and the United States, a predominant power presence in East Asia. Whereas many Chinese criticisms of “China threat theory” are responses to certain events, official reports, and articles in the U.S. popular press, this chapter attempts to take a deeper look at “China threat theory.” First, it will review the scholarly debates on the strategic implications of China’s rise in the United States, as well as the Chinese scholars’ responses to these debates. The “China threat theory” can be viewed as one of the positions that have emerged from the debates in the United States. In the review, I will focus on scholarly articles related to the “China threat” issue published in Western academic and policy-focusing journals and the Chinese responses in China’s scholarly journals, with occasional reference to some popular sources. Then, with reference to the U.S. debates on China, this chapter examines the major arguments of the master narrative of “China threat theory” and outlines the theoretical and empirical challenges that the master narrative may face. This chapter argues that the Chinese critics of “China threat theory” have not been barking up the wrong tree, even though they have failed to appreciate the existence of many opponents of “China threat theory.” The examination of the challenges for the master narrative of “China threat theory” demonstrates that except for the Taiwan issue, China’s rise should not be a threat to its East Asian neighbors and the United States.

**CHINA THREAT THEORY** IN THE DEBATES ON CHINA

In the United States, the discourse that treats China as a threat exists mainly in three fields: mass media, scholarly debates, and government policymaking. The “China threat” discourse in mass media appears as TV programs and articles in popular press. The “China threat” discourse in scholarly debates appears as articles emphasizing the negative strategic implications of China’s rise in academic and policy-focusing journals. And the “China threat” discourse in the government policymaking appears as official speeches, Congressional debates, and official reports (e.g. the Department of Defense’s Annual Reports to the Congress on the Military Power of the PRC since 2000 and the U.S.-China Economic and Security Review Commission’s reports to the Congress in recent years). The Chinese criticisms have not distinguished among these three fields of the “China threat” discourse in the United States. Instead, they respond to the U.S. discourse about the “China threat” issue by identifying it as a systematic project with a hidden agent. As a result, “China threat theory” in the Chinese texts can mean many different, even contradictory, things. This chapter defines “China threat theory” as a master narrative that links China’s rise to threats to other countries. This definition of “China threat theory” centers on the strategic
impacts of China’s rise. And this chapter focuses only on the scholarly debates on the “China threat” issue.

Given the new definition, “China threat theory” in the American scholarly debates is often believed to have three major dimensions: military, economic, and cultural-ideological. The military dimension of “China threat theory” revolves around the argument that with a fast growing economy, China is increasing its defense budget and will pose a threat to the security of East Asia and challenge the U.S. predominance in the region. The economic dimension of “China threat theory” argues that the inflow of cheap commodities made in China is forcing producers in other countries – including the United States – to lose their market share and causing the rise of unemployment in these countries. Finally, the cultural-ideological dimension argues that economic success will enable China as a representative of Confucian culture and communist ideology to challenge the Western values on a worldwide scope.

Among these three supposed dimensions, the cultural-ideological dimension is almost non-existent. Contemporary Chinese society is characterized by materialism and pragmaticism. At this point, China is not capable of offering a culture or ideology that can challenge the West, nor is it willing to fight for its culture or ideology. While such terms as “civilization” and “ideology” may provide westerners with convenient labels for othering China, few westerners really worry about China’s cultural-ideological challenge. Samuel Huntington’s “clash of civilization” argument is often cited as evidence of a “China cultural threat theory.” Huntington argues that after the end of Cold War, “the great divisions among humankind and the dominating source of conflict will be cultural… [and] the principal conflicts of global politics will occur between nations and groups of different civilizations.” Yet this does not mean that the conflicts themselves will be in cultural form. When Huntington talks about the “Confucian-Islamic connection,” his primary concern is about the expansion of China’s military power and the proliferation of weapons of mass destruction to Islamic countries, strategic military concerns, not cultural ones. To some extent, the economic dimension of “China threat theory” mainly exists in popular press. Economists embracing neoliberalism and fascinated by theory of consumers’ surplus do not worry about competition from China very much. The remainder of this section will focus on the military dimension of “China threat theory” and review the scholarly debates on China’s rise and the Chinese responses to the debates.

The Debates before September 11

The U.S. debates on China in the post-Cold War era have mainly revolved around two major questions: what will China’s rise bring about and how to deal with it. These two questions were pressing to the United States from the end of the Cold War to September 11 because in that period, China achieved sustained rapid economic growth and it often appeared in the U.S. strategic landscape as the only potential challenger to the U.S. hegemony. The U.S. debates on China in the post-Cold War era have been widely captured by a containment-
engagement dimension, based on scholars’ answers to the question of how to deal with China’s rise. Proponents of “containment” emphasized the need for balance of power based on a realist approach and such observations as the rise of China and the power shift as a result of the end of the Cold War. Proponents of “engagement” emphasized the pacifying effect of economic interdependence and rejected the need for balance of power. Further fine-tuned policy options of “engagement” included “comprehensive engagement,” “conditional engagement,” “constructive engagement,” and “coercive engagement.” Some scholars argued for a combination of engagement and constrainment. However, I argue that the U.S. debates on China can also be captured by a “China threat” dimension, based on scholars’ answers to the question of “what China’s rise will bring about.” Moreover, the “China threat” dimension may be more fundamental than the containment-engagement dimension because one’s prescription regarding the U.S. policy towards China depends on her view regarding China’s rise. According to the “China threat” dimension, the scholars in the debate can be generally categorized into two groups: proponents of “China threat theory” and opponents of “China threat theory.”

Proponents of “China Threat Theory”

The “China threat theory” emerged in the United States in 1992 as a response to China’s rapid economic growth following Deng Xiaoping’s inspection tour to southern China early that year. In fall 1992, Ross H. Munro published an article in Policy Review, warning that the emerging Leninist, capitalist, mercantilist, expansionist China posed a real challenge to the United States. In his article, Munro argued that there would be a fundamental conflict between the strategic interests of China and those of the United States, and that the United States should change the priority of its China policy from furthering human rights and democracy to focusing on America’s economic and strategic interests. Yet Munro provided his policy prescription cautiously, arguing that the United States should neither adopt a containment policy towards China nor be the leader of an anti-China alliance. Munro’s article is often believed by Chinese scholars to be one of the first articles in the United States that makes a “China threat” argument.

As the IMF ranked China as the world’s third largest economy in terms of “purchasing power parity” statistics in 1993, the “rise of China” became a hot topic. More studies emerged to explore the strategic implications of a strong China and warn of a possible Chinese threat to East Asian security. Meanwhile, scholars also explored the possible trends of East Asia’s security situation in the post-Cold War era. One of the most influential works was Aaron Friedberg’s article “Ripe for Rivalry: Prospects for Peace in a Multipolar Asia” in the winter 1993-1994 issue of International Security. Friedberg argued that out of the aftermath of the Cold War, a new multipolar system emerged in Asia, and, unlike the European multipolar system, the Asian one was characterized by power battles and uncertainty because the domestic, economic, and institutional factors that had appeasing effects in Europe were weak in Asia in the early 1990s. Friedberg warned that China might bring troubles to Asian security
because of its fast economic growth and its internal regional differences. In the same issue of *International Security*, Richard Betts applied both realism and liberalism to the examination of East Asian security. Drawing on both realist and liberalist paradigms, Betts argued that economic liberalism without political liberalism and neoliberal institutionalism would create dangers. He claimed, “Although more attention has focused on the potential of Japanese power, the state most likely over time to disturb equilibrium in the region—and the world—is China.” He based his argument on China’s economic growth and its large population. And he said:

With only a bit of bad luck in the evolution of political conflict between China and the West, such high economic development would make the old Soviet military threat and the more recent trade frictions with Japan seem comparatively modest challenges. The West will need more than a bit of good luck to avoid clashing with China politically. This is true according to either set of assumptions about international relations, realist or liberal. For realists, Chinese power was not a problem for Asia in the second half of the Cold War because the Soviet Union was pinning China down. With that constraint reduced, the only alternatives will be to accept Chinese hegemony in the region or to balance Chinese power. The latter course need not and should not mean a new Cold War in Asia, but it does imply cautious moves toward containment without confrontation—polite containment, which need not preclude decent relations.

In his 1994 article in *International Security*, Denny Roy advanced the discussion on the post-Cold War structure in East Asia to a more specific “China threat” argument. He argued that China, rather than Japan, would be a possible hegemon in East Asia, and that a stronger China was likely to endanger East Asian security. Roy based his argument on the following reasons: “economic development will make China more assertive and less cooperative with its neighbors; China’s domestic characteristics make it comparatively likely to use force to achieve its political goals; and an economically powerful China may provoke a military buildup by Japan, plunging Asia into a new cold war.”

In 1995-1996, Beijing conducted military exercises and missile tests to intimidate Taiwan’s first direct presidential election, and in response the United States deployed two aircraft carrier battle groups to the waters near the Taiwan Strait. Along with the tensions in the Taiwan Strait, whether China was a threat or not continued to draw scholars’ attention. In his 1996 article in *Asian Survey*, Denny Roy outlined the major arguments for and against the “China threat” issue. According to Roy, those who viewed China as a threat based their conclusion on the following reasons: China’s military buildup, the Chinese Communist Party’s (CCP) hostility to modern values that are thought to promote peace and prosperity, and China’s increasing economic strength. On the other hand, those who were against the “China threat” argument usually based their conclusions on the flowing reasons: China’s interdependence with its market and suppliers, its preoccupation with internal problems, its history of peace, and the possibility of democratization as a result of economic development.
In his 1996 article, while criticizing the China debates for treating China as a static entity that had to respond to the policy of other nations and treating China’s economic rise and power growth as an inevitable trend, David Shambaugh argued that China had the intention to challenge the existing international order. He said,

"China today is a dissatisfied and non-status quo power which seeks to change the existing international order and norms of inter-state relations...It does not just seek a place at the rule-making table of international organizations and power brokers; it seeks to alter the rules and existing system. Beijing seeks to redress historical grievances and assume what it sees as its rightful place as a global power. Above all, China seeks to disperse global power and particularly to weaken the preponderant power by the United States in world affairs...Beijing also seeks to redress the Asian regional subsystem balance of power...it has [used force] at an alarmingly frequent rate since 1949, by teaching punitive “lessons” to one neighbor after another, and China has fought more border wars than any other nation on earth over the last half century."

Addressing key domestic factors that shape China’s foreign policy and external behaviors, Shambaugh argued that while “engagement” would not be responded to positively by Beijing, it was the best option available to other nations. He also argued that China would be unlikely to have the global influence of a superpower.

In their 1997 article “China I: The Coming Conflict with America,” Bernstein and Munro warned that driven by a wounded nationalism and based on its size and economic strength, China had been seeking to replace the United States as the dominant power in Asia since the late 1980s, and this would make China inevitably conflict with the United States in the first decade of the twenty-first century. They argued that the United States should maintain its military presence in Asia, prevent China from expanding its nuclear weapons arsenal, and, by protecting Taiwan and strengthening Japan, maintain the balance of power in Asia.

While the Clinton Administration recognized a “strategic partnership” between the United States and China in 1998, the perception of China as a threat was by no means phasing out. Instead, this perception was intensified in the United States by a few political issues during President Clinton’s second term in office: the alleged illegal Chinese contribution during the 1996 presidential campaign, the accusation of Chinese spying on U.S. security secrets, the negotiations on China’s entry into the World Trade Organization, the American bombing of the Chinese embassy in Belgrade, and the issue of the status of Taiwan re-ignited by Lee Teng-hui’s “state-to-state relationship” statement.

Aaron Friedberg’s 2000 article in Commentary provided a conjecture of how a Sino-U.S. rivalry would manifest in economic, military, and political spheres based on the assumptions that China would not collapse but want to displace the United States as the preponderant power in East Asia and the United States would not abandon its preponderant position. He said, “[I]n several important respects a U.S.-PRC strategic competition is already under way, and there is a good chance that it is only going to become more intense and
In Friedberg’s view, the first step the U.S. needed to take was to acknowledge the threat.

In the U.S. debates on China, balance of power was an important concern because whether China was a threat and should be contained was often reduced to the question of whether China would be able to challenge the United States as a peer competitor. In his 2001 article in *International Security*, Thomas Christensen warned that Washington should not use balance-of-power analysis to evaluate the implication of China’s rise and conclude that the probability of war is very low. Instead, Christensen argued that while China would not become a peer competitor of the United States, “certain Chinese military capabilities combined with the political geography of East Asia, the domestic politics of mainland China, and the perceptual biases of Chinese elites [could] pose significant challenges for American security strategy in the region.” He said, “[W]hat will determine whether China takes actions that will lead to Sino-American conflict will likely be politics, perceptions, and coercive diplomacy involving specific military capabilities in specific geographic and political contexts, not the overall balance of military power across the Pacific or across the Taiwan Strait.” In Christensen’s view, four perceptions could cause China to use its military power to challenge and attack American forces in East Asia: (1) if China was backed into a corner; (2) if China believed they could deter effective U.S. intervention by raising the prospect of casualties; (3) if China believed that American forces had been tied down in other theaters; and (4) if China believed that the United States could be separated from its regional allies. Christensen argued that “Washington should take seriously both China’s political concerns and military modernization, and attempt to find the best possible balance of deterrence and reassurance” to prevent wars.

In his book *The Tragedy of Great Power Politics* published in 2001, John Mearsheimer proposed an offensive realist theory that could provide a theoretical basis for the “China threat” arguments. In Mearsheimer’s view, great powers are rational actors whose primary goal is to survive in the anarchic international system. Since great powers inherently possess some offensive military capability and they are never certain about others’ intentions, they always fear one another and try to maximize their own share of world power to secure their own survivals. “The international system forces great powers to maximize their relative power because that is the optimal way to maximize their security.” As a result, great powers try to be hegemons. “When a state surveys its environment to determine which states pose a threat to its survival, it focuses mainly on the offensive capabilities of potential rivals, not their intentions.” Mearsheimer also discussed China’s potential challenge to the United States for regional hegemony.

The commonality among these articles and books is that they all tended to believe China’s rise would threaten its neighbors and challenge the power presence of the United States in East Asia. Among the authors of these articles and books, some (e.g., David Shambaugh) emphasized China’s intention to threaten its neighbors and challenge the existing international order, some (e.g., John Mearsheimer) focused on its capability to do so, and others emphasized on...
both. For these authors, the East Asian security hinged on the U.S. military presence as a stabilizing force, and the impacts of China’s rise on its neighbors depended on the competition between China and the United States. Therefore, the essence of “China threat theory” is the argument that a rising China would challenge the United States, regionally or globally. To some extent, the proponents of “China threat theory” had diverse understandings of the possible threat from China. While most of them only argued that China would challenge the United States by changing the regional power configuration in East Asia or bringing about conflicts on some specific East Asian security issues such as the Taiwan issue, some of them argued that China could challenge the United States globally. For example, Betts argued, “[A] China, Japan, or Russia that grows strong enough to overturn a regional balance of power would necessarily also be a global power that could reestablish bipolarity on the highest level.”

Opponents of “China Threat Theory”

The “China threat theory” has received criticisms from American scholars. Some opponents of “China threat theory” refuted the “China threat theory” by arguing that it was “based on incorrect assumptions about Chinese strategic capabilities.” Robert Ross, a longtime China expert, pointed out, “[T]he reason there is not a ‘China threat’ is because it is too weak to challenge the balance of power in Asia and will remain weak too well into the 21st century.” Emphasizing China’s weaknesses in military capabilities — in particular, its weakness in naval and air forces and its poor power projection capability — and China’s conservative foreign policy to promote regional stability, Ross said, “[T]he United States needs a policy to contend with China’s potential for destabilizing the region, not a policy to deal with a future hegemon.”

While many proponents of “China threat theory” emphasized the doctrine of balance of power and argued for containing China, Robert Ross emphasized, in his 1999 article in International Security, that geography could influence structural effects. Exploring the effect of geography on the power structure and balance of power in East Asia, he argued that the structure in East Asia was bipolar with China as the continental pole and the United States as the maritime pole. Ross further examined the balancing trends in East Asia and the effects of geography on the interests of China and the United States and on the security dilemma in the region, and he argued that the bi-polarity in the region was stable and relatively peaceful.

In spring 2000, in his article “Living with China,” Zbigniew Brzezinski emphasized the importance of Sino-US relationship, and he criticized unrealistic estimation of China’s capability and intention. Brzezinski said, “China’s military strength, both current and likely over the next decade or so, will not be capable of posing a serious threat to the United States itself… [and it] is not capable of posing a universal ideological challenge to the United States, especially as its communist system is increasingly evolving into oligarchical nationalist statism with inherently more limited international appeal.” He proposed a policy of “assimilating China into a wider Eurasian equilibrium… [by] propitiating China’s quest for status while enhancing its stake in the global
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system.” For Brzezinski, China would be neither a formal ally nor an enemy, and instead it would be an important participant of the evolving international system.

Some other opponents of “China threat theory” rejected the “China threat” arguments by arguing that China’s intention was fluid and that treating China as a threat would create a self-fulfilling prophecy. For example, in his article “A New China Strategy,” Kenneth Lieberthal said, “On balance, China is likely to act constructively in the future if it is secure, cohesive, reform-oriented, modernizing, stable, open to the outside world, and able to deal effectively with its problems.” Therefore, for Lieberthal, the United States should “revamp its bilateral and multi-lateral approaches to create a more stable relationship with China.”

Facing the rising nationalist sentiment in China, Peter Gries proposed in his 1999 article the concept of “face nationalism” to capture “the emotional and instrumental motivations of China’s nationalist politics” and its linkage to China’s foreign policy. He argued that in order to engage China successfully, the United States should treat China as an equal player rather than a threat and allow China’s elites “to maintain national face in the eyes of domestic audience.”

Though the debate on the “China threat” issue was closely related to, and overlapped with, the containment-engagement debate, they were not the same. While opponents of “China threat theory” tended to support an engagement policy towards China, proponents of “China threat theory” did not necessarily support a containment policy.

Despite the distinction between “China threat theory” and its oppositions, the boundary of “China threat” literature is not always clear. It is most of the time not easy to tell if an article should fall into “China threat theory” category or not. For example, Christensen, in his article “Posing Problems without Catching Up,” warned of China’s ability to pose major problems for American security interest, yet in his view these problems could be managed and avoided through balance of deterrence and reassurance. On the other hand, Robert Ross, in his article “China II: Beijing as a Conservative Power,” argued that China was not a threat, yet he also warned that the United States needed a policy “to contend with China’s potential for destabilizing the region.”

The “China Threat” Issue since September 11

After September 11, partly thanks to Americans’ focus on the war on terrorism, the debates on China somewhat lost their momentum in the U.S. public discourse. But strategists and China specialists continued to pay attention to the implications of a rising China. While the debates on China in the 1990s were heavily influenced by realist geopolitical concerns, the western intellectual discourse of China’s rise in recent years has been characterized by the introduction of diverse theoretical perspectives other than realism, ranging from constructivism to liberalism, and even poststructuralism. Examining thoroughly whether China is a status quo power from a somewhat constructivist theoretical perspective, Alastair Iain Johnston argues that China, though a “dissatisfied
power,” is not a clearly revisionist state, and that it has been more integrated into international institutions. The 2005 issue of *Review of International Studies* publishes several articles aiming at understanding the implications of China’s rise from various perspectives: realism, Marxism, constructivism, and a Chinese view. In an introduction about these articles, William Callahan gives a poststructuralist interpretation of the Chinese discourse of “China threat theory.” In addition, Peter Gries introduces social psychology – in particular, social identity theory – into the debate of whether there is a “China threat.” He argues that conflicts between groups are contingent outcomes, and that the US-China relations do not necessarily result into conflict.

Meanwhile, since different theoretical perspectives may provide diverse views on the rise of China and in turn very different policy prescriptions, some research discusses China’s rise and the U.S. policy towards China from multiple theoretical perspectives. For example, Stephen Haggard examines three factors that affect East Asian security – the balance of power, the political effect of globalization, and democracy – and discusses the relevance of realism and liberalism to East Asia. Aaron Friedberg offers a review of the literature on the future of U.S.-China relations by dividing the authors of the literature into six categories: liberal optimists, realist pessimists, realist optimists, liberalist pessimists, constructivist optimists, and constructivist pessimists, and he examines the factors that affect the U.S.-China relationship based on the categorization. Thomas Christensen explores two approaches to the U.S. policy to China, the positive-sum approach and the zero-sum approach, and he argues that these two approaches can coexist in policy arena because certain policy decisions fit the prescriptions of either approach, and it is not always clear which policy prescriptions flows from either a positive-sum or zero-sum approach. To some extent, the two approaches corresponded with “China threat theory” and its oppositions.

The concern about the “China threat” has tended to resurge since early 2005, when the United States became less preoccupied with the war on terrorism and more concerned about great power politics. A new wave of “China threat” discussion has emerged in policy-focused journals and popular press. There has also been a lot of concern that China’s assertiveness in diplomatic arena in recent years may pose a challenge to the influence of the United States globally. The Chinese National Offshore Oil Corporation’s attempt to takeover Unocal in the summer of 2005 pushed the American populace’s concern about a “China threat” to a new high point. China’s role as a key broker in the six-party talks about the North Korea nuclear issue and its actions to establish regional organizations with its neighbors (ASEAN+3, Shanghai Cooperation Organization, East Asia Summit) have also generated worries in the US about the growth of China’s soft power.

In general, “China threat theory” revolves around the argument that China’s rise will lead to military and economic threats to its East Asian neighbors and the United States. Nonetheless, rather than a systematic project with a hidden agent, this “theory” is only one position in a spectrum of views, a pessimistic view opposed to those optimistic ones about the effects of China’s rise. In the
debates on China, those who argue that China will pose a threat to East Asian security mostly base their arguments on a realist theoretical orientation, whereas those who oppose the “China threat” arguments or warn of their negative effects often base their arguments on their knowledge of the reality of China. Yet realists do not necessarily support a pessimistic view of the strategic implications of a rising China.

The Chinese Responses

The U.S. debates on the strategic implications of China’s rise and the U.S. policy towards China have received responses from Chinese scholars and mass media. Unsurprisingly, the arguments in the debates were interpreted not according to their positions and policy prescriptions, but according to their degrees of friendliness to China. The policy options in the containment-engagement spectrum were not responded to equally by the Chinese authors; the “containment” policy option stimulated much more discussion than other policy options. Many Chinese scholars believed “containment” had been an important part of the U.S. policy towards China. For some Chinese scholars, both “engagement” and “containment” had the same purpose, that is, to tame and change China, and “engagement” could be interpreted as “soft containment,” which was similar to the notorious “peaceful evolution” strategy. Thus, the Chinese responses to the debates took the form of criticizing the “China threat theory.”

Typical Chinese critics of “China threat theory” argue that it has been fabricated by the United States and Japan. Some of these critics trace the origin of the “China threat theory” to a 1990 article by Murai Tomohide, a professor from Defense University in Tokyo and other articles in the U.S. and Japanese popular press in 1992-1993. Others trace it to the “yellow peril theory” at the beginning of the twentieth century. Generally, they categorize the “China threat theory” into three or four types of arguments: “economic threat theory,” “military threat theory,” “civilization threat theory,” and “power vacuum theory.” They argue that the causes for the “China threat theory” are: the U.S. hegemonic mentality, the West’s Cold War mindset, the U.S. lack of enemy after the Cold War, Americans’ ideological-cultural sentiment against China, China’s growing power, Japan’s ambition to become a political and military great power, and others. Finally, Chinese critics often refute the “China threat” allegations as “groundless” for the following reasons: China’s annual defense spending is low (particularly, in the early 1990s, China’s defense spending was the lowest among the great powers, and its defense budget growth rate was barely higher than the inflation rate), China has no military base or soldier station in other countries, China is still a developing country, China is focusing on economic development and needs a long-term peaceful international environment, China’s military and diplomatic policies have been helpful to the regional stability, and China has a peace-loving traditional culture. Some scholars refute the “China threat” arguments by arguing that China is facing
threats from such countries as the United States, Japan, and India as well as other areas.  

![Figure 6.1 Number of Chinese Articles with “China Threat Theory” in Their Titles](image)

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Source: Zhongguo Qikan Quanwen Shuju [Chinese Journal Fulltext Database], <www.cnki.net>

Figure 6.1 shows the number of articles with the term of “China threat theory” (zhongguo weixie lun) in their titles from 1993 to 2005 collected by the Chinese Journal Fulltext Database (Zhongguo Qikan Quanwen Shuju). In the 1990s, the emergence of a large number of counter-“China threat theory” articles in 1996-1997 was mainly a response to the hot debates on China in the United States and the tensions in the Sino-American relations because of the situation in the Taiwan Strait. In the post-September 11 era, whereas the discussion on the “China threat” issue in the United States began to decrease, scholars in China showed an increasing interest in the issue and wrote a large number of articles on it. This may be for the following reasons: (1) September 11 made Chinese scholars believe that the “China threat theory” had been proved by history to be wrong; (2) China’s entry into the WTO in late 2001 transformed China’s self-identity into a great power; (3) The proposition of “peaceful rise” (heping jueqi) in late 2003 further propelled Chinese to talk about the errorlessness of “China threat theory” and use this to construct a self-image of a peacefully-rising China. The drastic increase in the number of counter-“China threat theory” articles in 2005 was probably a response to the resurgence of “China threat theory” in the United States. Interestingly, with regard to the new wave of discussion on the “China threat” issue starting in early 2005, some Chinese scholars argue that there is no way for China to make “China threat theory” extinct and that China has to learn to live with it.
Though many Chinese criticisms appear to be repetitive, some are still insightful. One example is Xiao Gongqin’s analysis of Chinese nationalism.  
Whereas some western scholars view the growing Chinese nationalist sentiment as one of the causes for a potential China threat, Xiao argues that Chinese nationalism has two features: it emerged as a reaction to western pressure and invasion, and it has no religious content. As a result, the strength of Chinese nationalist sentiment depends on the foreign pressure that China faces, and Chinese nationalism will not motivate China to threaten the rest of the world. Xiao points out that China has entered a realist and rationalist era as a result of its market-oriented economic reform, and that the current Chinese nationalism always focuses on issues instead of radical doctrines. Therefore, in Xiao’s view, China will not be a radical aggressor but a rational partner of other countries.  
Another example is Yang Guangbin’s examination of the “China threat theory” with reference to various international relations theories: hegemonic stability theory, balance of power theory, geopolitical theory, democratic peace theory, interdependence peace theory.  
The third example is Shi Aiguo’s article that applies the perspective and methods that Edward Said employs in his book Orientalism to criticize the “China threat theory.”  
Shi argues that “China threat theory” is part of the West’s orientalism, and it is a way to construct the non-western as the Other so that the West could become a self-sufficient subject. The fourth example is Ye Jiang’s examination of the realist concept of “security dilemma” and the neoliberal-institutionalist and constructivist propositions to overcome the dilemma. Based on his discussion on “security dilemma,” Ye argues that to overcome the accusations of “China threat theory,” the Chinese government should explore the possibility of international collective identity construction and the international regimes’ restraints on “security dilemmas.”Ye’s argument implies that in order to counter the “China threat theory,” China should involve itself in international regimes and alleviate the West’s worry about China’s rise.  
Since many Chinese criticisms of “China threat theory” focus on the negative images of China in some articles in the U.S. popular press, the worries in official US reports, and certain events, there seems to be a disjuncture between the U.S. scholarly debates on China and the Chinese criticisms of “China threat theory” in China’s scholarly journals. Except Munro’s “Awakening Dragon” and Bernstein and Munro’s “China I: The Coming Conflict with America,” most of the other articles in the U.S. debates have not received much attention from Chinese scholars. As a result, the “China threat” arguments have often been perceived by Chinese scholars as the only U.S. position regarding China. Moreover, some Chinese scholars perceive the “China threat theory” as a systematic project with a hidden agent of “ulterior motives.” However, this perception is not true, at least for the scholarly debates related to “China threat theory.”
EXAMINING THE MASTER NARRATIVE OF “CHINA THREAT THEORY”

Have Chinese critics of “China threat theory” been barking up the wrong tree? Probably not, because “China threat theory” does exist in the debates on China in the United States. Nonetheless, many Chinese critics of “China threat theory” have not seen that there are other trees in the woods. “China threat theory” is merely one of the positions in the U.S. debates on the implications of China’s rise, and many scholars disagree with it. Meanwhile, the proponents of “China threat theory” have diverse understandings of what a possible “China threat” is. And there is not a clear-cut boundary between “China threat theory” and its oppositions. To some extent, the “China threat theory” exists in the minds of scholars, pundits, and policymakers as a way of reasoning towards a certain scenario, the “China threat.” This way of reasoning can be captured by a master narrative describing how China’s economic growth can lead to military and economic threats. Generally speaking, this master narrative is as follows: China’s economy is growing; this growth has caused many enterprises in other countries to go out of business resulting in job loss; the Chinese government has been increasing its defense budget, which has increased China’s power; the undemocratic Chinese government facing serious social and political problems is promoting nationalism for legitimacy; and with the capacity and intention to challenge the current power configuration in Asia, China will pose a threat to its neighbors and, regionally or globally, to the United States, which has a predominant power presence in East Asia. This master narrative is a way to interpret China’s economic development and its impacts.

One may wonder then, does “China threat theory” deserve all the criticisms that it has received? Is “China threat theory” useful for understanding the future of the Sino-U.S. relations? I argue that the master narrative of “China threat theory” always faces challenges from other interpretations. The reminder of this section attempts to examine the master narrative of “China threat theory” and to outline the theoretical and empirical challenges that it faces.

Economic Growth and China’s Economic Threat

China has experienced one of the fastest economic expansions in the world since the late 1970s, and now it has the world’s fourth largest economy. The scale of China’s economy and its growth rate are the starting point of the master narrative of “China threat theory.” Underlying most “China threat” arguments is a worry about the negative strategic impacts of China’s economic growth. Yet some “China threat” arguments are simply conjectures based on unrealistic descriptions and expectations about China’s economic growth. They often assume the scale of a country’s economy is proportionate to its population. For example, while mainland China’s GDP was only 2.23 times of Taiwan’s in 1992, Munro’s article of that year warned, “China could soon become an Asian economy as dynamic as Taiwan’s, yet 60 times larger.” Mearsheimer’s conjecture also reveals that his discussion of China’s challenge to the United
States for regional hegemony is highly hypothetical. He explores the potential scale of China’s economy in a series of scenarios: when China’s per capita GNP equals South Korea’s, when China’s per capita GNP is half of Japan’s, and when China’s per capita GNP equals to Japan’s. Mearsheimer says, “If China’s per capita GNP is half of Japan’s, China’s overall GNP would then be roughly 2.5 times bigger than America’s.” Yet this conjecture completely ignores the economic law of diminishing marginal returns. Moreover, following Mearsheimer’s logic, when China’s per capita GNP reaches the level of half of Japan’s, the United States should worry about India instead of China because India’s population should be larger than China’s at that time. Actually, in 2005, twenty-seven years after China launched its “reform and open door” policy, its per capita GDP was still less than one twentieth of Japan’s. At the current growth rate, it will take decades for China’s per capita GDP to reach Japan’s current level.

Part of the master narrative of “China threat theory” is the “economic threat” from China. The key argument about “China’s economic threat” is that China is strangling other economies with export of low-priced commodities. Nonetheless, when talking about China’s economic competition, we need to keep in mind the significant role that economic globalization plays in Sino-American economic relations. In fact, foreign direct investment (FDI) has contributed greatly to China’s economic growth. The actual FDI inflow to China increased from US$ 1.258 billion in 1984 to US$ 11.007 billion in 1992, and then to US$ 53.505 billion in 2003. As a result of the rapid FDI inflow, foreign-invested enterprises (FIEs), including many American companies, now contribute to the majority of China’s exports. Figure 2 shows that from 1993 to 2003, China’s exports increased from US$ 91.74 billion to US$438.23 billion, and FIEs took an increasing share of it, from 27.5 percent to 54.84 percent.

Figure 6.2 Contribution of Foreign Companies to China’s Exports

The story behind these numbers is that many companies in Taiwan, Hong Kong, South Korea, and Japan have moved their production to coastal China, taking advantage of China’s low wage rates and low land prices, and have targeted the US market. A cross-border production network has emerged, first among economies of Greater China, and then, in recent years, with South Korea and Japan joining in. In this East Asian cross-border production network, China – whose technological capabilities are behind those of the United States and Japan – is located at the end-stream of the production chain as a labor supplier. While China has a large trade surplus with the United States, it has also a large trade deficit to other Asian economies. Much of the US trade deficit to China should be more accurately treated as deficit to East Asia. Figure 3 shows that there is a high correlation between China’s trade surplus to the United States and its combined trade deficit to Taiwan, Singapore, South Korea, and Japan. I do not take Hong Kong into account here because many of China’s exports to Hong Kong are re-exported to other countries.

**Figure 6.3 China’s Surplus to the United States and Deficit to Its Major East Asian Trade Partners excluding Hong Kong**

Sources: Data on China’s surplus to the United States are from the websites of U.S. Census Bureau, Foreign Trade Division, Data Dissemination Branch, Washington, D.C. 20233; and data on mainland China’s deficit to Taiwan, Singapore, South Korea, and Japan are from *China Statistical Yearbook*, 1998-2004.

As a labor provider, China’s economic growth poses a challenge to the manufacturing of labor-intensive goods in other countries, particularly in East Asia, but it is not an economic threat to the United States. As Nicholas Lardy says:

> China represents a significant challenge for producers of labor-intensive manufactured goods. Many, particularly in Asia, have adjusted by investing
directly in China, with a resulting loss of employment at home. Taiwan and South Korea face the challenge of continuing to move up the technology ladder into the production of more technologically sophisticated, more capital-intensive goods. Although China is displacing some production in the U.S. market, the challenge is substantially less. Production of footwear, toys, and sporting goods largely moved out of the United States to other locations in Asia before it then migrated to China.\textsuperscript{95}

Simply put, China’s rise is a challenge for low-skilled workers in other Asian economies, an opportunity for investors all over the world, and a benefit for consumers in developed countries such as the United States.

Though China has been playing a very important role in the cross-border production chain in East Asia, we should be careful not to overestimate China’s gain from the globalization of production and its status in the world economy. China is primarily a labor supplier in the cross-border production chain, and a large share of benefits from China’s economic growth has been gained by foreign companies in the form of return to capital. While China has high savings rates, it is still largely an outsider in financial globalization. Instead, China depends on a government-driven extensive economic development model to transform its savings into investments. The state-owned banking system has extended a large share of its loans to inefficient state-owned enterprises, and the major state-owned banks are suffering serious bad-loan problems. Without a strong mechanism to breed homegrown private companies, the sustainability of China’s economic growth has received doubts.\textsuperscript{96} Meanwhile, the government-driven extensive economic development model has faced, or will face, many challenges: the low-efficiency of the state-owned enterprises, the environmental degradation, and the depletion of natural resources. As a major labor supplier, China also faces a new challenge in the near future, the aging of its population. These problems can lead China’s economy in a variety of directions.

As a result of the informationalization of the world economy, manufacturing is being devalued, and the virtual economy based on information and knowledge is taking up an increasing share of the values of goods and services in the world market.\textsuperscript{97} For the three modes of virtual economy – the financial economy, the informational economy, and the symbolic economy – China’s contributions are still limited. Since many of China’s exports are produced by foreign companies under foreign brand names,\textsuperscript{98} it is foreign companies who gain much of the profit.

The Growth of Power

The master narrative of “China threat theory” tends to assume that China’s economic growth will lead to, or by itself is, the growth of power, and this will increase China’s capability to threaten others. Realists define power as material capabilities, and categorize them as latent power and military power. Latent power, or potential power, is often referred to as the societal resources – namely population and wealth – that a state can use to build military forces.\textsuperscript{99}
Figure 6.4 shows the GDPs of China, the United States, and Japan in US dollars in 1989-2005, and it indicates that there is still a large gap between the scale of China’s economy and those of the US and Japan. Yet, Figure 5 shows the GDPs of the three countries based on “purchasing-power-parity.” It indicates that both the United States and China have achieved impressive economic growth since the late 1980s, but the gap between these two countries has been getting smaller. It also indicates that China’s economic scale exceeded Japan’s in the late 1990s. The conclusion that people draw from these comparisons highly depends on their degrees of confidence on the validity of the Purchasing-Power-Parity methodology.

Proponents of “China threat theory” often cite the increases in China’s defense budget as an indicator for the transformation of economic growth into the growth of military power. For military power comparison, Figure 6 shows the defense budgets of the United States and China in 1998-2005. It indicates that the gap between United States and China in defense budget is enormous, and the possibility for China to catch up with the United States in terms of military capability is elusive in the foreseeable future. Even if the US assessment that China’s actual defense expenditure is between two to three times of the announced budget is accurate, China’s defense expenditure – US$ 70 billion to US$ 90 billion in 2006 – is still far behind the US defense budget.

Figure 6.6  Defense Budgets of the United States and China, 1998-2005
Source: www.globalsecurity.org

Meanwhile, Japan’s annual defense budget has been around US$ 45 billion in recent years. As long as Japan continues to be the US’s close ally, the probability that China is able to extrude the United States out of Asia through military means is very small. Meanwhile, though many Southeastern Asian countries are trading more with China than with the United States, they are more willing to welcome the US military presence in Asia. In general, one is unable to convincingly draw the conclusion that China is able to disrupt the US military predominance in East Asia by simply comparing the defense budgets and defense expenditures of the two countries.

While GDP and defense expenditure are important factors to determine a country’s military power, one should not disregard other factors. For example, a
country’s military power is related to its economy’s innovation ability. As a major labor supplier in the cross-border production network, China’s capability of technological innovation is not strong. According to the World Economic Forum’s *Global Competitiveness Report 2006-2007*, China is ranked 46th in innovation, while the United States is ranked second, only to Japan. Because of its relative weakness in innovation, China has taken advantage of arms purchases from other countries to improve its military power. However, arms purchases will not enable China to greatly improve its power projection capability and to challenge the U.S. military presence in East Asia.

When thinking about China’s capability to threaten others, both proponents and opponents of “China threat theory” can be realists. They are divided by their different assessments about China’s capabilities. Some realists support “China threat” arguments based on their unrealistic assessment of China’s capability. Some realists oppose “China threat” arguments based on their more cautious calculation of the gap between the United States and China in terms of military power.

Whereas realists emphasize military capabilities, liberals pay attention to soft power, the ability to influence other states through nonmilitary means. In recent years, as the U.S. invasion of Iraq damaged the U.S. image in the international community, more and more concerns have been raised about China’s potential challenge to the U.S. soft power. However, unless China reforms its political system, China’s efforts to increase its soft power will face great constraints.

**Military Threat**

Indeed, China has achieved impressive economic growth over the last two and a half decades, and it has been increasing its defense budget since 1990s. As a result, China has accomplished significant power growth, though, in my opinion, this does not enable China to challenge the United States, regionally or globally. When facing the growth of China’s power, whether one perceives a “China threat” often depends on one’s perception of China’s intention to threaten others. For scholars, their perceptions of China’s intention are closely related to their theoretical orientations. Generally speaking, realists tend to have a more pessimistic view about a state’s intention to threaten others than scholars of other theoretical traditions. Realists view states as being primarily concerned with survival and attempting to exercise power – the ability to make threats and offer rewards – in the world. For realists, states live in fear and insecurity, regardless of whether this fear results from aggressive human nature, an anarchic international environment, or the uncertainty about other states’ intentions. Therefore, realism provides more theoretical resources for “China threat theory” to justify its worry about China’s intention than other theoretical traditions.

One of the theoretical resources that realism can provide for “China threat theory” is the concept of “security dilemma.” Offensive realism tends to define the concept of security dilemma solely in terms of capability competition and
excludes any institutional or psychological mechanisms by which states can escape from it. For offensive realists, the implication of the security dilemma is that states should pursue relative power, the result being that one state’s gain in power is its rival’s loss. Therefore, for scholars embracing offensive realism or similar ideas, there is no need to think about China’s intention to threaten others; China’s growth of power is intrinsically a threat to the U.S. chances of survival in an anarchical world and the U.S. should do whatever it can to maximize its relative power over China. This zero-sum perspective underlies many “China threat” arguments. For example, Bernstein and Munro simply rule out considerations of China’s intentions. For them, security competitions are inevitable, and great powers are bound to be adversaries. They say:

Even without actual war, China and the United States will be adversaries in the major global rivalry of the first decades of the next century... We see matters more in the old-fashioned terms of political alliance and the balance of power. Either way, China, rapidly becoming the globe’s second most powerful nation, will be a predominant force as the world takes shape in the new millennium. As such, it is bound to be no strategic friend of the United States, but a long-term adversary.

For other realists, the security dilemma involves mistrust, uncertainty, but is manageable and avoidable. These realists often borrow institutional, domestic, and psychological factors from other theoretical traditions to explore ways of escaping from security dilemma. Scholars embracing this view of the security dilemma emphasize the importance of China’s perceptions and intentions when assessing whether it is a threat. They often also emphasize that the US should be fully aware of the possible challenge that China’s rise poses and take effective measures to prevent any misperception and lack of trust that can lead to conflict. For these realists, if the rise of China poses a threat, it will be a threat very different from what offensive realists perceive.

Besides the concept of security dilemma, the power transition theory from realism also appears to support “China threat theory.” Power transition theory was first introduced by A.F.K. Organski in 1958. It has three fundamental assumptions: (1) the international order is hierarchically organized in a way similar to domestic political system; (2) the rules governing the international order are not fundamentally different from those governing the domestic political system; (3) power competition is driven by net gains from conflict or cooperation (peaceful competition is sustained when states agree that the net gains from cooperation are larger than those from conflict, and conflict emerges when the net gains from conflict are larger than those from cooperation). Power transition theory conceives the international order as a hierarchy made up of a dominant nation, a small number of great powers, and a certain number of middle powers, some powers and colonies. Distinct from other realists, power transition theorists believe that power and nations’ degree of satisfaction with the international order are determinants of peace or conflict. The peace is assured by the dominant nation with the support of the satisfied great powers.
The international order is unstable when a dissatisfied great nation closes its power gap to the dominant nation by growing more rapidly through domestic economic development. Competition for dominance takes place when a dissatisfied great power anticipates positive net gains from challenging the status quo. At the same time, the dominant nation prepares to resist the challenge.

Power transition theory differs from offensive realism in that it views the world as a hierarchy instead of an anarchy, and it pays attention not only to power but also to the nations’ degree of satisfaction with the current international order. Applied to the “China threat” issue, power transition theory does not give a clear-cut conclusion that China is a threat. Instead, it pays attention to both China’s power growth and its intentions. In one respect, though China has achieved impressive growth in its economy and military investment, it is not approaching parity with the United States. It will take China a long time to close the power gap between the two countries. Regarding intentions on the other hand, is China a satisfied power? China may not be very satisfied with the international order, but this does not imply China desire to challenge and change it.

Power transition theory emphasizes that the stability of international order depends on the dominant nation with the support of satisfied great powers. Even if China successfully challenges the United States for dominance, will other great powers support it? At this point, we may expand our scope from power transition theory to Robert Keohane’s theories of hegemony and “international regimes,” which Kugler and Organski believe to “differ from the core elements of the power-transition model only by nomenclature.” As Keohane says:

Hegemony is related in complex ways to cooperation and to institutions such as international regimes. Successful hegemonic leadership itself depends on a certain form of asymmetrical cooperation...[M]aterial predominance alone does not guarantee either stability or effective leadership. Indeed, the hegemon may have to invest resources in institutions in order to ensure that its preferred rules will guide the behavior of other countries.

In the foreseeable future, other countries are not ready for a Chinese hegemon, and neither is China. In addition, China has generally been a beneficiary of current international regimes. As Figure 2 shows, China’s exports have grown tremendously, and so has the FDI to China. China is more willing than some Western scholars believe to accept and involve itself into the current international system.

Among other theoretical traditions, liberalism can offer its democratic peace theory to support the “China threat theory.” To a more or less degree, China’s political system is one of the reasons why some people in the United States and China’s neighbors worry about a China threat. The democratic peace theory generally argues that democratic countries are less likely to use military forces because of the constraints of democratic norms, domestic oppositions, etc. Nonetheless, it is problematic to divide all states into “democratic” and “autocratic” and assume that states of democratic regime types face constraints and states of autocratic regime types face no constraints. Some authors argue
that the correlation between regime type and intuitional constraint is imperfect, and there are both aggressive and constrained democracies. Rousseau proposes an institutional constraint model in which leaders of both democratic and autocratic states can face constraints from the mass society and legislature, as well as through intraexecutive channels and intraparty channels. Based on empirical tests, Rousseau argues that democracies can be very unconstrained and autocracies can be very constrained. Applying Rousseau’s theoretical framework to the case of China, we can find that even though China’s leaders face little pressure from the legislature, they face a large pressure from the intraexecutive and intraparty channels. If the CCP Central Committee largely follows the principle of “collective leadership,” this system would be able to restrain irrational major decisions by any single leader. Meanwhile, China’s leaders are by no means free from pressure from the mass society.

Besides basing their arguments on international relations theories, proponents of “China threat theories” often support their worries about a China threat with the fact that there is a strong nationalist sentiment in the Chinese society. They are concerned that the nationalist sentiment can also force the Chinese government to be aggressive to other countries, especially when China faces many serious social and political problems. Some scholars have optimistic view on this. For example, as is mentioned above, Xiao Gongqin argues that China’s nationalism is a reaction to foreign pressure, and it not an offensive force. Using mainland China’s Taiwan policy as an example, Suisheng Zhao argues that the Chinese government’s foreign policy making has not been affected by nationalism. Generally speaking, while the Chinese government is very sensitive to domestic nationalist criticism when it faces humiliation from the West, Chinese nationalism has not produced a systematic project for China to pursue dominance in the world.

Some “China threat” proponents use China’s threat to Taiwan – particularly China’s missile tests and military exercises in the Taiwan Strait in 1995-1996 – as an example of China’s intention to challenge the geopolitical landscape of East Asia. In fact, Christensen’s warning of the possible challenge by China’s rise is largely based on the possible security conflicts between China and the United States regarding Taiwan. To some extent, mainland China’s threat to Taiwan is an issue separate from the “China threat” issue; the former is a tense security issue no matter if China is weak or strong, while the latter is more about the strategic impacts of China’s rise on other countries. Indeed, the PRC has been threatening to use force if Taiwan attains de jure independence, and this threat has existed for decades. The balance of threat across the Taiwan Strait has been a defining feature of East Asia’s security since early 1950s. Mainland China’s military exercises and missile tests in 1995-1996 were largely intended to reaffirm the existing balance of threat when it faced challenges from Taiwan’s more active quests for international recognition and the Clinton administration’s vacillation in handling the decision to issue a visa to Lee Teng-hui in 1995. In recent years, the CCP has increasingly sought to work with the United States to restrict Taiwan’s efforts to move to independence. Moreover, with Taiwan’s
opposition leaders visiting mainland China in 2005, the tensions in the Taiwan Strait have been alleviated. Beijing is now embracing a pro-status quo Taiwan policy.

### The Interdependence Peace Theory

Given China’s increasing integration into the world economy, articles about “China threat theory” often substantiate their arguments by rejecting one of the counter-theories of “China threat theory,” the interdependence peace theory. The rationale underlying the interdependence peace theory is that economic interdependence increases the value of trading over that of aggression, thus increasing the opportunity cost of war. Proponents of “China threat theory” tend to reject the interdependence peace theory in a realist way. For example, Denny Roy rejects the interdependence peace theory for the following reasons: “economic interdependence may heighten rather than defuse political tensions;” China’s historical record shows that the deterrence value of interdependence is limited to it; and as China gets stronger, “both the benefits it realizes from interdependence and the costs of establishing its own sphere of influence decrease.”

In Roy’s view, the increasing economic interdependence between China and the rest of the world may give China more avenues and incentives to threaten other countries.

Nonetheless, simply debating whether economic interdependence can increase the likelihood of peace is not very useful in telling whether China’s integration into the world economy can make China less threatening. Economic interdependence itself takes very different forms in different periods in history. For example, while the economic interdependence before World War I took the form of high trading level among the major capitalist powers and between these capitalist powers and their colonies, the current economic interdependence between China and other East Asian countries take the form of a cross-border production network in Asia, with China as a major FDI recipient and a major labor supplier. This production network depends on the United States for markets, and the United States also depends on major Asian economies to finance its federal budget deficit. As Peter G. Thompson shows, whereas countries in conflict in World War I had little or no FDI with one another, FDI flows are exerting pressures on the United States, mainland China, and Taiwan to maintain the current peace.

Dale Copeland shows that the liberal and realist debate on economic interdependence and war can be resolved by introducing the factor of expectation of future trade: whereas high economic interdependence can constrain leaders from initiating war when expectations for trade are positive, it can give leaders more incentive to initiate war in order to prevent the potential cost of high economic interdependence when expectations for trade are negative. Copeland uses historical evidence to show that Germany’s pessimistic trade expectation made it fearful of being cut off from vital goods, and this led to Germany’s decision to start a major war in 1914. Based on Copeland’s theory of trade expectation, we can optimistically believe that as long as other countries...
do not globally block China’s quest for vital resources, there is little incentive for China to wage wars against its neighbors. Moreover, since China, unlike Japan, has relatively rich natural resources to sustain a self-sufficient economic development, nearly no foreign resources are vital enough for China to wage a war.\textsuperscript{133} Furthermore, unlike the pre-World War I period, since nearly all colonies in the world have achieved independence, it is now no longer the case for major powers to wage wars against one another for colonial markets.\textsuperscript{134} Economic exchange rather than territorial aggression is currently the most effective way to increase a country’s wealth. Therefore, economic interdependence is by no means a cause for China to go to war. Instead, it constrains China and other countries from entering into security conflict.

Based on the above examination of the master narrative, we can see that the master narrative of “China threat theory” faces many theoretical and empirical challenges. While “China threat theory” exists in the minds of scholars, pundits, and policymakers as a master narrative, which is similar to an “ideal type,” it should not be taken for granted.

**CONCLUSION**

This chapter understands “China threat theory” as a master narrative that claims that China’s rise will lead to military and economic threats to its neighbors and the United States. Particularly, the essential argument of “China threat theory” is that a rising China will challenge the United States, regionally or globally. Reviewing the U.S. debates on the strategic implications of China’s rise and the Chinese responses to these debates, this chapter shows that “China threat theory” exists in the U.S. intellectual discourse as one of the positions rather than the only U.S. position or a systematic project with a hidden agent. In fact, many American scholars disagree with the “China threat theory,” and there are diverse understandings of what a possible China threat will be among proponents of the “China threat theory. This chapter also finds that while focusing on a few articles in the popular press and on certain events, the Chinese criticisms have largely ignored many other major works in the U.S. debates on China. Therefore, while the Chinese critics have not been barking up the wrong tree, they have failed to see other trees in the woods.

Yet, does “China threat theory” deserve the criticisms that it has received? This chapter examines the master narrative of “China threat theory” – that China’s economic growth will lead to an economic threat as well as power growth that will lead to a military threat to East Asian countries and the United States – and outlines the theoretical and empirical challenges that the master narrative faces. China has not been an economic threat to the United States, and its power growth will not make China a threat to the United States and its East Asian neighbors.

The “China threat theory” exists in people’s minds as a master narrative, which is similar to an “ideal type.” While it faces many challenges theoretically and empirically, it can exert its dominance over scholars, pundits, and
policymakers by excluding other interpretations of China’s economic and social changes. Therefore, it should be critiqued so that its dominance can be disrupted. In fact, by proposing such concepts as “peaceful rise,” “peaceful development” (heping fazhan), and “harmonious world” (hexie shijie), the Chinese government has been groping for ways to disrupt the dominance of the master narrative of “China threat theory.”

Notes

1 Earlier versions of this chapter were presented in the panel “Institutional Foundation for China’s Economic Policies” at the International Studies Association annual convention in March 2006 and in the panel “Peaceful Rise or The China Threat” at the International Symposium on Political China in 21st Century at Renmin University of China, Beijing in June 2006. For helpful comments on earlier drafts, the author thanks Barry Naughton, Teresa Wright, Paul R. Viotti, Jin Canrong, and other participants in the panels. The author also thanks Michael Ferranti for his comments on earlier drafts and Zhang Li for her help in this research.


3 Ibid., p. 709.

4 For a review of how American mass media talk about “China threat,” see Sha Qiguang, “Dui xifang meiti sanbu ‘zhongguo weixie lun’ de pingxi” [Comments on the ‘China Threat Theory’ Spread by the Western Media], Guoji Zhengzhi Yanjiu [International Political Studies], no. 3, 2000, pp. 113-125.


8 Ibid., pp. 22-49.

9 My rough observation is that in the published sources in the United States, the term “China threat” appears most frequently in popular magazines on business.


15 For example, see Ge Liu, “‘Zhongguo weixie lun’: Meiguo duihuawaijiaozhuanbian de wenhua xiansuo” [“The Argument of China Threat: A Cultural Clue to Understand the Adjustment of the United States’ Diplomatic Strategy towards China”], Harbin Gongye Daxue Xuebao (Shehui Kexue Ban) [Journal of Harbin Institute of Technology (Social Sciences Edition)], vol. 5, no. 1, 2003, pp. 36-39.


20 Ibid., pp. 36.

21 Ibid., pp. 53-54.


23 Ibid, pp. 150.


26 Ibid., pp. 186-187.


29 For a commentary on these issues, see Owen Harries, “A Year of Debating China,” The National Interest, winter 1999/2000, pp. 141-147.

33 Ibid., pp. 7.
34 Ibid., pp. 13.
36 Ibid., pp. 40.
38 Ibid., pp. 21.
39 Ibid., pp. 45.
40 Ibid., chapter 10.
41 For example of argument that a rising China will change the power configuration in East Asia, see Roy, “Hegemon on the Horizon?” 1994. For example of argument that a rising China may bring about conflicts with the United States on the Taiwan issue, see Christensen, “Posing Problems without Catching Up,” 2001.
44 Ibid.
47 Ibid., pp. 7.
48 Ibid., pp. 19.
49 Ibid., pp. 20.
51 Ibid., pp. 47.
53 See, for example, Munro, “Awakening Dragon,” 1992; and Shambaugh, “Containment or Engagement of China?” 1996.


For example, Robert Ross opposes the “China threat” argument.


Sha Qiguang, “Dui xifang meiti sanbu ‘zhongguo weixie lun’ de pingxi” [Comments on the “China Threat Theory” Spread by the Western Media], 2000, pp. 119.


Zhongguo Qikan Quanwen Shujuku [Chinese Journal Fulltext Database], www.cnki.net.
Chengqiu Wu

79 William Callahan observes that the largest number of scholarly articles on the “China threat” issue were published in China after 2001. See Callahan, “How to Understand China,” 2005, pp. 707.


81 Jin Canrong, a Renmin University of China professor, and Pang Zhongying, a Nankai University professor, have this view. See Li Wei, Canrong Jin, Yuan Peng, and Han Xudong, “Ruhe kandai ‘zhongguo weixielun’ bolan zaizhi” [How to View the Resurge of “China Threat Theory”], ShiShi (Shishi Baogao Daxuesheng Ban) [Current Affairs (Current Affairs Report for College Students)], no. 2, 2005, pp. 31-38; and Pang Zhongying, “Dui ‘zhongguo weixie lun’ caiqi xin ziti” [A New Way to the ‘China Threat Theory’], Liaowang [Prospect], no. 9, 2005, pp. 54.


86 Some other scholars also embrace this view. See, for example, Feng Zhongping, “Ruhe yingdai ‘zhongguo weixie lun’” [How to Cope with “China Threat Theory”], Xiandai Guoji Guanxi [Contemporary International Relations], no. 10, 2005, pp. 25-27.

87 It is noteworthy that some Chinese scholars have pointed out that there are many westerners who oppose the “China threat theory.” See, for example, Tao Jiyi, “Meiguo zhengzhi xuezhe dui ‘zhongguo weixie lun’ de pibao tanzhi” [Exploring American Honest Scholars’ Criticisms of the “China Threat Theory”], Guoji Wenti Yanjiu [International Studies], no. 3, 2005, pp. 20-24, 33; and Kan Gongjian, “Wei shenme yao ganxie zhongguoren — cong ‘zhongguo weixie lun’ dao ‘zhongguo jiyu lun’” [Why We Need to Thank Chinese: From “China Threat Theory” to “China Opportunity Theory”], Qiushi [For Truth] no. 6, 2004, pp. 70-71.


90 Mearsheimer, The Tragedy of Great Power Politics, 2001, pp. 398. Betts also has similar statement about China’s economic scale. He says, “If the country ever achieved a per-capita GNP just one-fourth that of the United States (about South Korea’s ratio today), it would have a total GNP greater than that of the United States.” See Betts, “Wealth, Power, and Instability,” pp. 52.


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94 For more information about it, see Nicholas Lardy, Integrating China into the Global Economy (Washington, DC: The Brookings Institution 2002).


96 Yasheng Huang points out the inability of China’s financial institutions to extend sufficient capital to domestic private enterprises and its constraint on China’s long-term growth. See Yasheng Huang, Selling China: Foreign Direct Investment during the Reform Era (New York: Cambridge University press, 2003).

97 For more information, see V. Spike Peterson, A Critical Rewriting of Global Political Economy: Integrating Reproductive, Productive and Virtual Economies (New York: Routledge 2003), Chapters 3, 5.


101 See, for example, see Ross, “Assessing the China Threat,” 2005.


106 See, for example, see Ross, “Assessing the China Threat,” 2005.


110 For more information about the zero-sum perspective, see Christensen, “Fostering Stability or Creating a Monster?”


112 For example, see Christensen, “Posing Problems without Catching Up,” 2001.


My view contrasts to David Shambaugh’s. He argues that “Organski and Kugler could hardly have described present-day China better.” See Shambaugh, “Containment or Engagement of China?” 1996, pp. 186.


Johnston, “Is China a Status Quo Power?”


For example, see Betts, “Wealth, Power, and Instability,” winter 1993/94.


For example, Bernstein and Munro, “China I: The Coming Conflict with America,” 1997.


Although China is importing an increasing amount of oil, it has the world’s largest supply of coal reserves. See Ross, “The Geography of the Peace,” 1999, pp. 89.

Guangbin Yang also has this observation. See Yang, “Xifang guoji guanxi lilun yu ‘zhongguo weixie lun’” [Western International Relations Theory and the ‘China Threat Theory], 1999, pp. 19.