

China's Use of Perception Management and Strategic Deception



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Introduction

The ability to subdue the enemy without any battle is the ultimate reflection of the most supreme strategy. The best strategy is to attack his relationships and alliances with other nations....[The most adept at warfare] will focus on using effective policies and strategies to keep all his resources intact and yet be able to contest for world supremacy against other states.

Sun Tzu¹

Beijing's overt efforts to restore the Middle Kingdom's economic, military, and political prestige present an interesting dilemma for U.S. and Asian policy makers. While China's expanding economic prowess, military might, and exercise of political influence are largely visible to the untrained eye—is there more to the story? Are members of the US academic, diplomatic, and intelligence communities being targeted by an unspoken agenda that may further Chinese foreign policy and national security objectives, potentially at a significant cost to those outside Beijing?

This paper addresses this important topic and related issues concerning possible Chinese deception targeting the United States. Does evidence indicate, especially from Chinese sources, that the People's Republic of China (PRC) is using strategic deception and perception management against foreign countries, and especially the United States? Is there an institutional culture in China that encourages the use of deception, such that the Chinese military and civilian leadership have a developed structure and inclination to do so? If this is the case, are officials in the United States susceptible to a Chinese deception agenda?

One response to these questions is “No,” there is no evidence of such deception activities, and if there were, the United States would not be susceptible. Indeed, American universities—and their faculties—are still heralded as the world's best, State Department employees are still considered among the cream of the crop, and Washington remains the globe's most profligate consumer of intelligence collection and analysis, all of which suggests an intellectual and institutional foundation protecting US decision making and policy formulation from foreign manipulation.

The view that there is no evidence of deception activities is reassuring, but likely of little utility, for at least two prominent reasons: (1) evidence in Chinese and Western sources indicating the historical and cultural proclivity of Chinese officials to undertake coordinated activities to mislead perceived opponents, whether internal or external, about the country's intentions or capabilities; (2) the innate susceptibility of people to deception. Section 1 and Section 2 of this paper address these main issues, highlighting China's cultural inclination to deception, based on examples from its history and the structured process the Chinese indicate they use to target the perceptions of foreign

¹ Chow-Hou, W., trans., *Sun Tzu Art of War: An Illustrated Translation with Asian Perspectives and Insights*, (Prentice Hall, 2003), 59-60.

observers in peacetime and of enemy commanders in wartime. It merits mention that Chinese writings on deception often focus on military deception, although at the strategic level deception activities, in fact, address peacetime functions as well as warfighting applications. In this paper, the logic evident in selected Chinese and some Western writings on PRC deception practices is used as a basis to examine what is less transparent—the potential for Chinese strategic deception and perception management in current activities of the Chinese state. The human psychology involved in using and being susceptible to deception is also examined briefly in the first section, based on the insights of Robert Heuer, an acknowledged US expert on this topic. Heuer argues for the effectiveness of deception owing to the way people respond to information under time constraints and other factors. Heuer’s thesis also cautions about the human susceptibility to bias, a warning against overestimating the threat of deception in certain cases.

In the case of China, the definitions associated with key Chinese terms and terminology provide evidence supporting the research methodology associated with assessing Chinese strategic deception and perception management, especially the structured process underlying Chinese deception practices revealed in the literature. This process addresses some US and Chinese meanings for strategic deception and perception management, with an emphasis on a Chinese lexicon. The definitions indicate that there are both similarities and differences between US and Chinese understandings of these terms, a key asymmetry between Eastern and Western characterization being the core concept of the idea of “stratagem.”

Section 2 of the paper also reviews selected deception practices in two phases of Chinese history: First, the imperial tradition and, second, the formative years of the Chinese Communist Party (CCP). The lessons learned from these experiences provide an initial indication that the Party, along with its avowed acceptance of scientific socialism, assimilated the concepts and behaviors embedded in traditional Chinese culture pertaining to deception and stratagem. This history also demonstrates the close connection between military deception and the actions of CCP leaders during the Party’s early years. Contemporary Chinese military writings on deception practices thus highlight the Chinese Communist Party’s own acceptance of and approach toward perception management and deception.

Section 3 of the study identifies selected Chinese foreign policy and national security goals. These goals are an impetus for the CCP to employ various perception and deception mechanisms. Chinese President Hu Jintao is the source for the list of Chinese objectives, which in this section are narrowed to three—national survival, economic development, and international influence. Contents of these three objectives provide a possible structure and motivating factor for Chinese deception actions against the United States.

Based on this structure, the third section also contains four case studies that merit consideration for possible Chinese deception and perception management, including Chinese diplomacy and Chinese actions that support the country’s maritime aspirations. A briefer consideration of the PRC’s recent ASAT test concludes this section.

Section 4, the summary section, offers concluding observations about China's use of perception management and strategic deception and several recommendations. A bibliography of cited and supporting works concludes the paper.

Section 1: Foundation

Psychology is a basic component for studying and employing strategic deception and perception management. The study of human psychology underscores the effectiveness of deception activities, especially under stressful conditions confronting today's decision makers in peacetime and wartime. Richard Heuer expounds on this point in his seminal study, "Strategic Deception and Counterdeception: A Cognitive Approach." Heuer, a 29-year CIA veteran and author of *Psychology of Intelligence Analysis*,² argues that strategic deception works because it targets analysts and decision makers who are operating in highly ambiguous situations where information has to be quickly processed and evaluated. The problem, Heuer continues, is that under such conditions, preconceptions significantly influence how analysts and decision makers assimilate new bits of data in a manner that corresponds with their existing *Weltanschauung*, or world view. In plain English, people tend to see what they are predisposed to see—particularly if the proffered material does not challenge an existing understanding of an event, person, or political development.³

Given mankind's general inclination to avoid cognitive dissonance, the easiest course of action for a would-be act of strategic deception, for example, is to reinforce a potential target's existing beliefs. As Heuer notes, "deceptions that follow this principle seldom fail, for the odds are then strongly in the favor of the deceiver."⁴ Disconcertingly, Heuer goes on to observe, "the human capacity to rationalize contradictory evidence is easily sufficient to outweigh the pernicious effects of security leaks and uncontrolled channels of information that planners of deception might otherwise fear [would] compromise their efforts." In other words, even when confronted with contradictory evidence, an observer sees what he or she wants to see.

Understanding this underlying basis of human susceptibility to deception, perception management, and bias is important to examining Chinese deception efforts. For example, the belief among many Western observers that the Union of Soviet Socialist Republics (USSR) conducted a comprehensive strategic deception campaign likely may now serve to bias Western interpretations of what the People's Republic of China is seeking to accomplish. That is, the ideological patterns of one former communist government in its opposition to the US-led West are likely reflected in US perceptions of another, successor communist regime—the intentions and actions of Communist China. Such historical examples provide context to the objective of this research which inquires into the possible use of deception and perception management by the Chinese.

Strategic Deception and Perception Management – US Perspective

The question about the propensity of nations to employ strategic deception and perception management is an ancient one. Over two millennia ago, the renowned Chinese strategist Sun Tzu affirmed how the wise statesman employs tactics and techniques that

² Heuer, Richard, "Strategic Deception and Counterdeception: A Cognitive Process Approach," *International Studies Quarterly* 25, No. 2 (1981).

³ *Ibid.* pp. 296-298.

⁴ *Ibid.* p. 299.

serve to shape a potential adversary's course of action—but without having to go to war. In modern parlance, this struggle to shape another's thoughts and actions can be referred to broadly as perception management. The US government implicitly acknowledges the relevance of Sun Tzu's wisdom for today, and according to the US Department of Defense, perception management can be defined as:

Actions to convey and/or deny selected information and indicators to foreign audiences to influence their emotions, motives, and objective reasoning as well as to intelligence systems and leaders at all levels to influence official estimates, ultimately resulting in foreign behaviors and official actions favorable to the originator's objectives. In various ways, perception management combines truth projection, operations security, cover and deception, and psychological operations.⁵

In this official view, perception management can be accomplished through a variety of means, including statements of truth, denying access to information, providing false or misleading data, and psychological manipulations. Deception is only one way to execute perception management, according to this definition. Perception management has many potential audiences, or targets: institutions, leadership personalities, intelligence processes, the goal of which is to influence behaviors that result in a situation that favors the purveyor of perception management.

The US Department of Defense definition for strategic military deception complements the definition of perception management, emphasizing the military domain and desired effects on policies in this component of national planning. Military deception and the component of strategic military deception are defined as:

Actions executed to deliberately mislead adversary military decision makers as to friendly military capabilities, intentions, and operations, thereby causing the adversary to take specific actions (or inactions) that will contribute to the accomplishment of the friendly mission.

Strategic military deception—military deception planned and executed by and in support of senior military commanders to result in adversary military policies and actions that support the originator's strategic military objectives, policies, and operations.⁶

In these US definitions, perception management and strategic military deception are related, although the definition for the latter suggests a more audience-specific form of activities pertaining to military affairs. In contrast, a member of the US Naval Postgraduate School faculty offered a definition for state-sponsored deception that shifted the emphasis away from the military domain and invoked the thought process of strategic

⁵ US Department of Defense, Department of Defense Dictionary of Military and Associated Terms, Joint Publication 1-02, Washington DC, 17 Mar 2009. <http://www.dtic.mil/doctrine/jel/doddict/data/p/6118.html>

⁶ United States Department of Defense, *Joint Doctrine for Military Deception*. Joint Publication 3-58, 31 May 1996. http://www.dtic.mil/doctrine/jel/new_pubs/jp3_58.pdf

players whose decisions can affect a nation's standing in a global competition: "Strategic deception aims to manipulate elite perceptions in order to gain competitive advantage."⁷ Given this focus on policy makers and/or a national command authority, strategic deception in the United States can be thought to be accomplished by selectively passing information to national and/or military decision makers either directly or via an intelligence service. There are multiple channels for passing information used in a strategic deception campaign, such as spoofing of technical intelligence collection systems.⁸

The Chinese have also developed a robust understanding of strategic deception for the military and have written extensively on another key, related term—stratagem (*moulue*). Strategic deception and stratagem are encoded in the Chinese psyche, explicit linguistically, culturally, historically. Perception management, on the other hand, is a Western term, although the broad meaning attributed to this term by the United States can be found in the Chinese definition of strategic deception (*zhanlue qipian*) and, possibly, in other terms, such as psychological operations (*xinli zuozhan*). There are similarities and differences between US and Chinese understandings of these terms. A review of strategic deception, stratagem and, by extension, perception management in Chinese writings highlight the framework the Chinese adopt for their deception activities. This framework is important when assessing potential deception activities by the Chinese state today.

Strategic Deception and Perception Management—A Chinese Perspective

One Chinese description of strategic deception emphasizes its comprehensive nature, broadly targeting an opponent's strategic assessment process about foreign capabilities and intentions.⁹ This authoritative source for a Chinese military audience indicates that strategic deception has specific battlespace applications, but by its nature deception at the strategic level of warfare is not constrained by the physical space of combat actions. Rather, strategic deception is an ongoing process and covers "all types of measures and activities" designed to confuse an opponent in peacetime or wartime, emphasizing the latter. Confusing the opponent then leads him to make "major errors in judgment and decision-making," since strategic deception aims at foreign intelligence institutions and thus influences the "highest military authorities responsible for formulating strategic decisions."¹⁰

Strategic deception in this Chinese conceptualization employs a diversity of methods that merge military with non-military actors and historical with contemporary means:

- Political and diplomatic false actions and conduct
- News media for "deceptive propaganda and false news"
- Electronic measures, such as broadcasting false information and jamming

⁷ *Op. cit.*

⁸ *Ibid.* p. 294.

⁹ Yu Qiaohua, "Strategic Deception" [*zhanlue qipian*], in *Chinese Military Encyclopedia*, ed. Fu Quanyou, . (Beijing: Military Science Publishing House, 2002).

¹⁰ *Ibid.*, p.583.

- Information network deception, especially on the Internet
- Strategic camouflage and fake military targets
- Simulating large-unit activities and strategic demonstration
- Spies and double agents

Sun Tzu’s classic admonition to “know your enemy and know yourself” also contributes conceptually to this Chinese definition of strategic deception. Understanding the enemy’s psychology and his psychological weaknesses is crucial for deception to achieve the intended effect and to maintain the secrecy of deception activities. China has a long history of employing strategic deception, this definition asserts.¹¹ The continuing development of military technologies is a key factor increasing the means to conduct strategic deception, and therefore “the struggle between deception and anti-deception will become fiercer.”

A Long History of Deception and Perception Management

Chinese military scholars argue that their nation has a long history of conducting “psychological operations,” a phrase that connotes important aspects of strategic deception and, to a certain degree, what the US DoD portrays as perception management. Several articles published by the PLA’s Academy of Military Science (AMS) journal *Zhongguo Junshi Kexue*, for example, examine psychological warfare and psychological operations mainly as a deception-oriented function of military strategy. Psychological conflict, however, also addresses “requirements for the international struggle,” and this type of warfare has become part of national policy for many nations—including China’s, presumably. Indeed, other PLA authors note how the Chinese have 4,000 years of conducting wartime psychological activities. In such discussions, psychological operations are interpreted as prominent and special aspects of China’s warfighting style, often to win without physical confrontation. Sun Tzu’s admonition that the best strategy is focused on hearts and minds is one cited example; the Qin dynasty’s contention that “the rule for using forces is, it is better to attack the enemy mentally than to attack his cities” is another. Besides the prestigious AMS, references to a few other PLA institutions reportedly engaged in psychological operations training also appear in AMS sources (cited in the bibliography).

- Institute of Psychological Warfare, Xi’an Academy of Political Studies
- Shijiazhuang Army Command Academy
- Nanchang Army Academy

Perception management—again, a Western term—is interpreted in this paper from the Chinese perspective as a corollary of strategic deception and as it concerns the psychology of the enemy. This understanding comes with a caveat: Perception management can convey an accurate or truthful depiction of a situation, rather than only

¹¹ This citation in the *Chinese Military Encyclopedia* claims other countries practice strategic deception as well. The source cites US deception actions for the invasion of Granada, during the Gulf War, the conflict in Kosovo and Operation Desert Storm as examples.

presenting misinformation with the intent to deceive. This outlook asserts that perception management is part of a continuous Chinese effort to influence how other nations perceive Chinese interests and actions. China's leaders may desire foreign nations to have an unambiguously clear understanding of a certain intention or capability. It follows that political and economic conditions in peacetime fall within the Chinese purview of perception management and, possibly, strategic deception. The significance of Chinese deception activities to promote national objectives is thus more comprehensive than what might originally appear to be the case. Moreover, the conclusions that foreign observers draw from Chinese deception activities are similarly pervasive, potentially with broad implications. In other words, arriving at the wrong impression, or misperception, about another nation's strategic capabilities and intentions can lead to decision-making errors at the highest national levels.

The significance, necessity and continuity that characterize Chinese strategic deception and perception management provide minimal assistance, however, for identifying specific deception programs or campaigns. (Section 3 examines a few cases of possible current Chinese perception management and strategic deception activities.) The planning and implementation of deception plans by the Party or PLA are no doubt state secrets. The Chinese, as historic practitioners of deception and its traditional technique of stratagem, nonetheless acknowledge the indispensable role of strategic deception and this other element—stratagem—in all manners of statecraft, including warfare. The following review highlights the relationship stratagem shares with Chinese strategic deception and perception management.

An Introduction to Stratagem

References to stratagem are replete in ancient and modern Chinese writings on conflict, and it is one of the most esteemed aspects of Chinese culture among domestic and foreign observers. Although the concept of stratagem is not unique to China, contemporary Chinese theorists identify the battle of ingenuity and intellect with the “endless flow of several thousand years of Chinese history.”¹² Chinese specialists sometimes struggle to find a precise meaning for *moulue*, the modern term for stratagem, but Chinese writers appear to agree that “scheming” and “manipulation” contribute to the basic connotation of stratagem. Stratagem cannot be reduced to deception, although this thought is common among “Western military strategists and scholars.”¹³ Rather, stratagem for the Chinese “follows the logic of deception” and deception is one of the most salient means for executing stratagem. This distinction posits that while stratagems are often deceptive in application, they need not be. Foreign observers intently looking for deception in certain Chinese statements or actions may deceive themselves.¹⁴ Stratagem, therefore, can leverage the logic of deception, even when stratagem does not overtly seek to deceive.

¹² Shi Yuedong “Command Decision Making Stratagem,” in *The Science of Command Decision Making*, (Beijing: PLA Press, 2005),

¹³ “Introduction to Campaign Stratagem in ”*Campaign Stratagems*, ed. Zhang Xingye and Zang Zhanli, (Beijing: National Defense University Publishing House, 2002).

¹⁴ This is similar to the notion of “availability bias” discussed by Heuer and others. Psychologists describe availability bias as a simplified rule of thumb people commonly use for making decisions given imperfect or partial information. For example, availability bias can ease the process of sorting through a vast set of apparently random data collected for intelligence analysts and decision makers, but it also serves to skew

Stratagem is a fundamental aspect of decision making, particularly when competition is involved. For this reason stratagem is prevalent among competing individuals, in armed conflict or other competitive situations. As one Chinese author summarizes, “Essentially, stratagem is a dynamic bringing into play of human subjective capability in social practice. Stratagems universally exist in every domain of human social practice. For example, there is political stratagem in the political domain, foreign affairs stratagem in the foreign affairs domain, economic stratagem in the economic domain, military affairs stratagem in the military affairs domain, sports stratagem in the sports domain, and there is even social intercourse stratagem in the human relations and associations domain.”¹⁵ In this context, stratagems can be understood as innovative schemes, or manipulative strategies that often employ deception to lead the target to do as the originator of the stratagem desires.

Traditional stratagems are typically expressed as terse idiomatic formulations, usually four or eight characters long, and they are richly imbued with wisdom from centuries of successful use in various combative circumstances. “Suspect what is rarely seen, exercise often and display the forces,” and “on many occasions show the fake and then show the real, lead them [the enemy] to be unprepared” are two examples from a modern Chinese military text on stratagem training.¹⁶ Products of an ancient era and “limited by historical conditions,” China’s traditional stratagems are nonetheless effective in contemporary times when the diplomat, politician, or warfighter understands the essential meaning of a particular stratagem and adroitly applies the scheme to a specific set of circumstances. There is no settled definition for any given stratagem. Rather, the one selecting and applying a stratagem is responsible for devising a plan based on given circumstances at a certain point in time. Ensuing actions and behaviors based on stratagem emerge within the diplomat’s or warfighter’s conceptual framework that historical lessons and one’s own cognitive skills provide.

Over time, stratagems have acquired a place of pride in China’s warfighting style. The PLA values stratagems, for example, in scenarios where a technologically inferior force confronts a superior one. Such situations represent a dialectical imbalance, which the Chinese believe they have confronted and overcome in the past and face again today in high-tech combat under information conditions. To make this point, one Chinese military author quotes Mao Zedong as an authoritative voice on the inferior overcoming the superior: “Doubtlessly, victory or defeat in a war is determined by the conditions of both sides in the areas of military forces, the political situation, the economic conditions and the natural surroundings. But more than that, it is also determined by the capacity of subjective direction.”¹⁷ The phrase “capacity for subjective direction” or guidance alludes

how that information is interpreted. As Heuer puts it, “Availability bias may make a person believe that strategic deception is more common than it really is, and thus cause one to be more disposed to perceive it.” (“Strategic Deception and Counterdeception, 303).

¹⁵ Shi, “Command Decision Making Stratagem,” in *The Science of Command Decision Making*.

¹⁶ *Basics of Modern Stratagem Training*, (National Defense University Press, 1988). Cited in Shi, “Command Decision Making Stratagem,” *The Science of Command Decision Making*.

¹⁷ Sr. Col. Shen Kuiguan, “Dialectics of Defeating the Superior with the Inferior,” cited in *Chinese Views of Future Warfare*, ed. Michael Pillsbury (Washington, DC: National Defense University Press, 1997) 216.

directly to stratagem use. Mao's success in leading Chinese forces over Japanese invaders, the Chinese military author indicates, is in no small part attributed to Mao's thorough understanding and skillful application of stratagem.

Contemporary Chinese military writings unambiguously affirm the significance of stratagem for the PLA today, and not simply for the past. In *Science of Campaigns*, an important text for training Chinese commanders in the art of warfare at the operational level (or, for the Chinese, the campaign *zhanyi* level), basic principles for warfighting reveal stratagem-laced thought of manipulating the enemy with rapid, sudden actions to deceive, mislead and then catch the enemy by surprise. This combat style is especially relevant for the high-tech information battlespace, where deception is a given: "Actively adopt concealment, camouflage and deception measures...be adept at applying stratagems, and strengthen information confrontation. Disrupt the enemy's reconnaissance and surveillance with various means of jamming. Conceal the real and show the false throughout the complete domain of the battlefield. Cleverly deceive and confuse the enemy. Cause the enemy to be unable to ascertain our activities, bringing about their false impression and being unaware."¹⁸ Stratagem emerges as a decisive technique in the intellectual contest between commanders, as the PLA seeks to outwit their opponent using various types of activities that may include deception, united by a single plan or scheme. Another Chinese author elaborates how stratagem "drives the enemy through intellect," creating a situation favorable to friendly forces and unfavorable to the opponent and ultimately contributing to Chinese military victory.¹⁹

The commander is at the root of successful deception, *Science of Campaigns* affirms, and the adept use of stratagem is intricately tied to the success of Chinese military command in modern warfare. The text highlights two requirements and a few examples of actions characteristic of a PLA commander's use of stratagem to help the inferior defeat the superior: (1) exploit the information realm, including electronic actions, jamming, and use computer viruses to "invade and harass enemy command"; (2) employ conventional activities combined with special activities—a combination of the orthodox and unorthodox, but winning with latter. "Normal-special" stratagems emphasize fighting methods to gain the initiative and seize combat opportunities in fast-paced, complex combat conditions. This approach can undermine the confidence of a technologically advanced adversary, and some examples of this aggressive stratagem thinking include the scheme of "when the enemy attacks, we attack from the rear,"²⁰ or specific actions such as "leap forward" operations and decapitation assaults. Stratagem implementation always requires flexible application "on the basis of the battlefield situation." There is no set template for stratagem use; its success under modern conditions depends on the commander's ingenuity and adaptability—military situations similar to those that confronted Sun Tzu or Mao Zedong.

¹⁸ , Zhang Yuliang, ed. "Campaign Guidance Thought and Basic Principles," *The Science of Campaigns*. (Beijing: National Defense University Press, 2006) 97.

¹⁹ Zhang and Zang, "Introduction to Campaign Stratagem," in *Campaign Stratagems*.

²⁰ This expression literally means "to scoop out the heart and attack" {*taoxin gongji*}. It suggests striking at the core of a person's, or a military's, strength. In this context, for example, confuse the mind to disable the body. Shi, "Command Decision Making Stratagem," *The Science of Command Decision Making*.

This definitional overview highlights both similarities and differences in US and Chinese characterizations of deception practices. Both nations, for example, acknowledge the significant role of strategic deception to gain a national advantage over another nation. Both identify the value of deception for its ability to influence an opponent's thinking process and affect his behaviors, so that the international environment broadly or an armed confrontation specifically will favor the deceiver. Decision making is therefore fundamental to deception practices for both nations. Misleading foreign decision makers or their intelligence arms about intentions, capabilities or activities, especially regarding military forces, can benefit the deceiver's national objectives by inducing his opponent to make poor decisions with immediate or long-lasting consequences. Human psychology is a prominent reference point for US and Chinese approaches to deception. Chinese thinking identifies psychological weaknesses as an opponent's Achilles Heel—a target to identify and attack in order to maximize the effectiveness of strategic deception.

The pervasive nature of strategic deception and stratagem are particularly prominent in Chinese thought, however, to a degree different than in the West. First, there is a special material aspect to deception activities, especially stratagem. “Stratagems are the schemes and tactics proposed by commanders based on objective conditions,” *Science of Strategy* instructs.²¹ This text, which was written by experts in the Strategic Research Department of the PLA's National Defense University, notes how Chinese thinking on military strategy is endowed with stratagem and demonstrated by “analyzing the enemy and our situations systematically and in their entirety.” This materialist outlook on reality can be traced to Mao Zedong and his interpretation of Marxism²² that is still prominent in the PLA. Second, strategic deception and stratagem as practiced in China are by nature not constrained within the military realm. Instead, strategic deception, perception management and stratagem in Chinese thought detail a continuity of activities that seamlessly spans peacetime and wartime. Strategic deception activities, by definition, routinely interweave diplomacy and politics, information media and networks (including the Internet), military applications and other traditional means, such as spies, all of which contribute to the struggle over influencing the mind—a realm of confrontation where strategic plans are devised and decisions made. Third, as if bred culturally to view the world through this prism of intellectual struggle, Chinese literature describes the structure of strategic deception-perception management-stratagem as a prerequisite for China's competitive engagement with other national powers. The Chinese contend that differences in social systems—in particular, Chinese socialism versus US-led Western capitalism—affect the broad goals and characteristics of deception and perception management.²³ The United States and the West emphasize military and economic force, and the demise of the Chinese Communist Party is a prominent objective in the US-led approach to perception management, this Chinese view contends. China, on the other hand, employs the psychology of perception management principally as a tool to help

²¹ “The Implications, Characteristics and Classification of Strategies,” in *Science of Strategy*. (Beijing: National Defense University Press, 1999).

²² Mao Zedong, *Lecture Notes on Dialectical Materialism*, 1938.

²³ Wang Lianshui, Ma Jingcheng, and Yan Jianhong, “Comparison of Psychological Warfare Between China and the West,” *Zhongguo Junshi Kexue*, June 2001. OSC Document ID: CPP20010625000155.

defend the Chinese homeland against foreign initiatives, and this approach never resorts to force.

Some Observations on Strategic Deception and Perception Management

The evidence presented in this section—the Chinese structure for strategic deception, perception management and stratagem, as well as the basic human susceptibility to be misled and deceived—presents a compelling case that China is likely using deception. Eager to earn a reputation as a responsible international actor,²⁴ Beijing is pushing diplomatic, economic, informational and military initiatives that present China as a reliable, mature member of the global community, and as a force for peaceful persuasion, not forceful compulsion. Deception activities are likely underway as part of Beijing’s efforts to promote itself as an emerging, but non-threatening regional power and global player, in opposition to ostensible US hegemony.

It bears mentioning that this assumption has won a voice in mainstream American foreign policy circles. Consider, for instance, comments made in a 2008 report from the US Secretary of State’s International Security Advisory Board. Writing on “China’s Strategic Modernization,” the Board declared, “The United States is viewed as China’s principle strategic adversary and as potential challenge to the regime’s legitimacy.”²⁵ The Board goes on to note that, “it is essential that the United States better understand and effectively respond to China’s comprehensive approach to strategic rivalry, as reflected in its official concept of ‘three warfares’.” This is followed by a dire warning:

If not actively countered, Beijing’s ongoing combination of Psychological Warfare (propaganda, deception, and coercion), Media Warfare (manipulation of public opinion domestically and internationally), and Legal Warfare (use of ‘legal regimes’ to handicap the opponent in fields favorable to him) can precondition key areas of strategic competition in its favor.²⁶

In short, as far as the State Department’s International Security Advisory Board is concerned, China is in the midst of a comprehensive strategic deception campaign.

The International Security Advisory Board is not alone in coming to this conclusion. In January 2009, the American Enterprise Institute (AEI), a conservative organization, issued a report with an equally grim assessment of China’s underlying motivations and

²⁴ The term “responsible international actor” appears to have evolved from then-Deputy Secretary of State Robert Zoellick’s call for China to become a “responsible stakeholder” in the existing international system. So what is a responsible international stakeholder? According to a Fellow at the American Enterprise Institute, a responsible international actor “works to protect and strengthen the international system as it is currently constituted; they do not merely derive benefits from it.” That is to say, a responsible international actor seeks to maintain peace and stability, to facilitate removal of undesirable regimes, dissuade employment of force—or threat of force, and, increasingly, to help bailout flailing international financial institutions.

²⁵ U.S. Department of State, “China’s Strategic Modernization: Report from the ISAB Task Force,” International Security Advisory Board (Washington DC, 2008) 1.

²⁶ *Ibid.* 2.

international agenda. According to the authors of “An American Strategy for Asia,” Beijing’s leaders “appear to see themselves as locked in a long-term, multifaceted strategic competition with the United States.”²⁷ The goal of China’s authoritarian regime? According to the AEI analysts, Beijing seeks to “constrict America’s presence, alliances, access, and influence in Asia and to limit the autonomy of Asian democracies.”²⁸ To accomplish these objectives, the authors argue, “Beijing will likely continue its present, generally cautious, policies, seeking to expand its influence...while avoiding any direct challenge or confrontation.”²⁹ The bottom line for AEI: China is committed to a strategic deception campaign that masks Beijing’s ambition to “restore what its leaders see as their country’s ‘rightful place’ at the apex of an Asian and possibly a global hierarchy.”³⁰

Given these disquieting assessments from mainstream sources, it is appropriate to probe further into the possibility that China is indeed engaged in strategic deception and actively pursuing perception management. To accomplish this task, the remainder of this paper adopts a three-step approach:

- (1) A selective review of Chinese history that highlights the prevalence of deception and stratagem in Chinese culture, a trend evident in actions by the Chinese Communist Party in its early political and military struggle for survival;
- (2) An overview of Chinese foreign policy and security objectives that provide a rationale for the Party to pursue deception and perception management;
- (3) Tools, or case studies that examine evidence concerning possible efforts by Beijing to manipulate Western elite perceptions to gain a competitive advantage.

Hu Jintao is the source for the national objectives, but the case studies are not tied to his tenure as president. The examination of the case studies also heeds Heuer’s warning about interpreting virtually all actions by Beijing as deceptive in its competition with other powers, especially the United States.

²⁷ Dan Blumenthal and Aron Friedberg,, “An American Strategy for Asia: A Report of the Asia Strategy Working Group,” (American Enterprise Institute, (Washington, DC, January 2009), 8.

²⁸ Ibid., 7.

²⁹ Ibid., 7.

³⁰ Ibid, 7.

Section 2: Examples of Deception in Chinese History

China's historical experience has endowed the Chinese strategic and political culture with a rich tradition of deception and perception management. This education has been delivered both through the writings of strategists as well as through historical fiction and pseudo-history such as the *Romance of the Three Kingdoms*. The end result is that deception and perception management is not only seen as a viable and useful tool of state-to-state interaction, it is also seen as being a perfectly natural and legitimate form of interaction. This perception and background differ from the Western historical experience, grounded in the Judeo-Christian ethic. While Western history has seen its share of deception and perception management, it has traditionally viewed them as imbued with the flavor of being somewhat unsavory and insidious, dating back to the time when Moses came down from the mountain with a tablet decreeing that "you shall not bear false witness against your neighbor." In the same vein, the idea of propaganda and active perception management is found vaguely distasteful among most Westerners, who typically believe that a good idea or position should stand on its own merits and not need to be "sold."

This set of views is somewhat different than that in traditional Chinese culture, which holds that the interests of the state are paramount in a way that would have had resonance with Niccolo Machiavelli. Deception is but one of the tools that Chinese decision makers keep in their toolkit. In fact, at times, deception is useful to both parties even if it is known. An interlocutor may be known to be perpetrating a deception, however accepting the story at face value it provides a face-saving means for the target of the deception to acquiesce to what otherwise might be an unacceptably unpalatable transaction. In Chinese political culture, the question does not revolve around whether someone is lying in an interaction, but rather, why wouldn't a person lie if the needs of the state required it.

Imperial Era

One of the best places to look at this historical tradition of deception in China is to examine the Spring and Autumn Period (722-481 B.C.) and the Warring States Period (481-221 B.C.) of China's history. This was a formative period for Chinese culture in much the same way that classical Greece was for the West. In this period, the last of China's ancient, pre-unification dynasties, the Zhou Dynasty (1040-481 BC), was in slow decline until it ultimately became nothing more than a symbol of authority without any real power. In this power vacuum, many states and city-states sprang up and competed with each other for influence and survival. This period of numerous states with a cultured and educated elite, engendered an intellectual golden age in China. This era endowed Chinese culture with some of its greatest ideas and thinkers, such as Confucius, Mencius, and Lao-Tzu.

This period not only produced great philosophers, but also great strategists. One of the most influential strategists of ancient China was a man named Sun Wu who was born in the Chinese state of Qi circa 544 B.C. Sun Wu wrote an influential treatise on the art of war that was part of imperial China's military tradition through to the modern era. This

same treatise is still used to this day. Such was Sun Wu's mastery of strategy and success in the contest of nations that he was bequeathed the honorific of "master" or "tzu" in Chinese.³¹ Today he is known as Sun Tzu.

In the opening chapter of his treatise, *The Art of War*, Sun emphasizes the importance of strategic deception. He urges his reader to "shape a strategic advantage"³² and declares that, "warfare is the art of deceit."³³ Sun Tzu's writings cover a broad range of topics of importance to the classical Chinese state that extend from how to employ chariots on the battlefield to how to use terrain. While these topics are interesting from an archeological standpoint, of much greater significance are Sun Tzu's thoughts on grand strategy and state-to-state interaction.

Here Sun Tzu introduces two important thoughts that still impact Chinese thinking today and are salient to the idea of deception and perception management. The first is introduced in Chapter 3 of his book, planning in the attack. In this context he asserts, "It is best to keep one's own state intact....to win a hundred victories in a hundred battles is not the highest excellence; the highest excellence is to subdue the enemy's army without fighting at all."³⁴ Sun Tzu offers many ways of doing this throughout his writings, such as maneuver, but he also urges the use of spies that deliberately leak false information.³⁵

Later, in the same chapter, Sun Tzu opines:

He who knows the enemy and himself
Will never in a hundred battles be at risk;
He who does not know the enemy but knows himself
Will sometimes win and sometimes lose;
He who knows neither the enemy nor himself
Will be at risk in every battle.³⁶

Sun Tzu defines war as a matter of life or death for the state. While this was certainly true in the period that he wrote his treatise, perhaps it is less so now in a world of ethnicities and complex interactions. However, his idea that the contest of arms was of vital importance and thus must be approached in deadly earnestness is still valid and arguably can be generalized into any endeavor that has a direct impact on a state's security and well-being. The above two excerpts help the reader understand the ideal condition of a state and of a leader going into this contest: he should be aware of his own and his opponent's condition and conversely try to deny knowledge of his true state to a potential

³¹ "Tzu" is actually the Wade-Giles Romanization that is most familiar to most Western readers. In pinyin, the Romanization adopted by the People's Republic of China, the Romanization is actually "Zi" so Sun Tzu would be Sun Zi (孙子).

³² Roger T. Ames, trans., *The Art of War by Sun Tzu* (Toronto: Random House, 1993), 104.

³³ Ibid.

³⁴ Ibid, 111.

³⁵ Ibid, 170.

³⁶ Ibid, 113.

opponent. This provides the decision maker with the best opportunity to make a better competitive decision than his opponent in a zero sum game.

These two excerpts have resonance in Chinese (and Western) strategic culture nearly three millennia after Sun Tzu wrote them. Ideally, a decision maker should attempt to resolve conflicts with other states by any means, but it is best to avoid the uncertainties of the battlefield. While not as developed or explicit as modern writers with the benefit of 2500 years more of historic tradition to draw from, Sun Tzu's writings certainly set out the imperatives for deception and perception management. These same ideas are emphasized by another of China's ancient strategists, Chiang T'ai Kung, whose writings complement and refine those of Sun Tzu.

Chiang T'ai Kung³⁷ is the purported author of *T'ai Kung's Six Secret Teachings*.³⁸ T'ai Kung served as an advisor in the state of Zhou for the legendary kings, King Wen and King Wu, advising them as they overthrew the Shang Dynasty. In his writings, T'ai Kung offered the following advice, "In military affairs, nothing is more important than certain victory. In employing the army, nothing is more important than security and silence. In movement, nothing is more important than the unexpected. In planning, nothing is more important than not being knowable."³⁹

This passage clearly emphasizes keeping one's enemy in the dark as to intentions, and while this may be deception, it is followed by this advice, "To first gain victory, initially display some weakness to the enemy and only afterward do battle."⁴⁰ Clearly this is a deceptive tactic to lure the enemy into miscalculating and committing to his course of action on the basis of an incorrect understanding of the situation.

In Chiang T'ai Kung's estimation, when the interests of the state are at stake, all other considerations take a back seat to ensuring success. One of the best ways to do this is ensure your enemy has no clear picture of your intentions. This can be achieved through battlefield deception.

One other noteworthy adherent to deception is Sun Pin⁴¹. Sun Pin, the purported direct descendent of Sun Tzu, served as a military advisor in the kingdom of Qi. Sun's early life was marred by tragedy, when a competitor (Pang Juan) for the attention of the King of Wei tricked and maimed Sun Pin, leading to Sun's banishment from the kingdom. After a period of withdrawal and reflection, Sun's worthiness was eventually recognized by the King of Qi who retained him to help fend off the depredations of Wei. Sun turned the table on Pang Juan through a deception. He knew that the leaders of Wei held the Qi

³⁷ Pinyin is Jiang Tai Gong (姜太公).

³⁸ As with most ancient Chinese authors, there is ambiguity as to whether Chinag T'ai Kung actually existed, existed in the late Shang era as was reported, or actually wrote the treatise ascribed to him. His treatise surfaced some 500 years after his death, during the Spring and Autumn period.

³⁹ Ralph D. Sawyer, *The Seven Military Classics of Ancient China*, (Boulder, Colorado. Westview Press. 1993), 69

⁴⁰ Ibid.

⁴¹ Romanization is Sun Bin (孙臏)

military in contempt and in a war between Wei and Han. When Wei was on the verge of winning its contest with Han, the armies of Qi intervened with an invasion of Wei. In the course of this Sun Pin created a deception that his forces were weak and attempting to retreat. This led Pang Juan, the Wei general, to believe the armies of Qi were disintegrating in the face of the Wei counterattack. When Pang Juan raced with the armies of Wei to finish off Qi's forces, Sun Pin instead ambushed him, destroying Pang Juan and his army.⁴²

As the above story portrays, Sun Pin clearly understood and embraced the role of deception and perception management. This understanding came through in his treatise, *Military Methods*. In it, he wrote, "Hidden plans and concealed deceptions are the means by which to inveigle an enemy into combat. Deliberate tactical errors and minor losses are the means by which to bait the enemy."⁴³ Though a battlefield tactic, it portrays a deeper thinking into misleading an opponent into believing a false situation and keeping one's own situation concealed.

While many of these authors' writings were written in the context of the battlefield, they are valuable when applied to the context of grand strategy. In ancient China there was a much greater thinness of government, lacking the bureaucracies that have been developed in a modern state (China's own historic scholar-bureaucracy began early in the Tang Dynasty in the seventh century A.D.). The decisionmaking behind many of these tactics was directly between the ruler and his general. In this context, therefore, it is best to understand these decisions as national strategy and not strictly as battlefield tactics.

The above authors represent but a few examples from the myriad strategists that have thrived throughout China's long history. Many of these strategists have emphasized the use of deception and misleading patterns in order to facilitate their state's success on the battlefield. Many of these unorthodox tactics were distilled through the centuries after this era into accepted patterns of action. These patterns usually displayed an innovative approach to a conundrum and were passed along from generation to generation of Chinese scholars in the form of short expressions. These expressions alluded to a more in-depth story which conveyed the significant pattern for the reader. Western history is also replete with these types of fables such as the "Tortoise and the Hare" or the "Fox and the Grapes." One of the key differences is that by the early 5th Century A.D., many of these Chinese strategic patterns were codified into a collection of 36 of the most noteworthy exemplars; these became known as the *36 Stratagems*.

These ancient stratagems were influential throughout China's long history, becoming especially emphasized during China's Ming and Qing dynasties (1368-1911). They have undoubtedly evolved from the original 5th Century A.D. collection as they contain anecdotes from Chinese and Japanese warfare stretching across 1000 years. These stratagems should not be confused with the idea of stratagem introduced above. The *36*

⁴² Ralph D. Sawyer, *The Art of the Warrior: Leadership and Strategy from the Chinese Military Classics*. (Boston: Shambhala Publications, 1993), 52.

⁴³ *Ibid.* 219.

Stratagems are representative examples, not an exclusionary list of all the stratagems in existence. The *36 Stratagems* are to stratagems as *Aesop's Fables* are to fables.

This influential academic text was used to train Chinese military and civilian leaders in many of China's historic dynasties. In this context, it is interesting to note that of the 36 stratagems in the text, almost two-thirds of them involve either deception or perception management. It is difficult to conceive that a treatise with such longevity and emphasis has not carried over into the modern Chinese psyche with its emphasis on deception and misdirection.

One further point of evidence for the longstanding presence of deception and perception management in Chinese strategic culture can be found in Chinese literature. Most Chinese academics agree there are four great novels of classic Chinese literature. These are *Romance of the Three Kingdoms* (三国演义), *Outlaws of the Marsh* (水浒传),

Journey to the West (西游记), and *Dreams of the Red Mansion* (红楼梦). Three of these four novels are grand adventures that involve rulers, kings, and matters of state. In these, the protagonists continually duel and use deception to achieve their goals. This use of stratagem and deception is especially pronounced in the *Romance of the Three Kingdoms*. This novel is set in the third century A.D. in the waning days of the Han Dynasty. As the dynasty's grip on imperial power begins to unravel, several different aspirants to the throne begin maneuvering using warfare, constant deception, and betrayal in their attempt to gain the throne. A good portion of the novel is consumed in the legendary duel between Cao Cao, the advisor and later leader of the northern portion of the empire, and Zhugeliang, the advisor to the leader of the southeastern portion of the empire. These two protagonists are portrayed as being preternaturally intelligent individuals whose sheer intellect and cunning advance their sides' interests via scheming and deception. The novel's questionable historical accuracy notwithstanding, the ideational impact of political maneuvering, deception and intrigue certainly have left their imprimatur on China's strategic culture. Not only do the Chinese feel this is a normal approach to the world – they feel it is a strength and historic legacy.

In the end, the reader is compelled to ponder the significance of the presence of deception and perception management in modern China. It is clear these dynamics have been a key part of China's strategic culture for millennia. It is also clear that the West has not embraced this culture in the same way China has due to its Judeo-Christian philosophical framework, traditions of chivalry, and notions of free speech. This difference in historical legacies can almost unavoidably lead to cultural misunderstanding—what is perfectly acceptable in one culture may be outside the norm in another. Deception in China is not only accepted, it is expected. Chinese historic icons are feted for their cleverness and ability to outsmart their opponents. In Chinese literature, this is usually accomplished via stratagem. Young Chinese men and women are brought up in this tradition. Although history is not destiny, it certainly influences how the Chinese see the world and what they believe is acceptable and not acceptable in international relations. This is not the case in the West. Inevitably, Western policy makers and interlocutors that deal with the Chinese for an extended time are often left with the impression that the Chinese are not being fair

or up front in their dealings. The Chinese for their part find this indignation unfathomable and find it poor protocol to publicly call this to the attention of others.

Chinese Communist Party Era

China's imperial era is not the only source of a culture of deception and perception management in China's history. The rise of the Chinese Communist Party also added an important chapter to this historical legacy. The Party's rise as a persecuted underground movement followed by its initial role as the weaker antagonist in the protracted Chinese Civil War also has had an impact. The Party's narrative of the Chinese Civil War paints a picture of it as being more intelligent and better organized. The Communist Party used a combination of deception and perception management to turn the tables on the Chinese Nationalist Party during their protracted Civil War.

A bit of a historical primer is in order to better frame this assertion. China's Communist Party was founded in 1921 with Soviet assistance. In the early 1920's the international communist movement was seen as an exciting and viable alternative to the monarchies that had existed in Europe and the decrepit imperial edifice that had existed in China prior to 1911. At its inception, the young Chinese Communist Party took much of its direction from Comintern, the international Communist movement based in Moscow. Comintern saw the Soviet model as having international applicability and, much as in Russia, encouraged the Chinese Party to focus its development within China's cities, and Wuhan in particular.⁴⁴ At first, there was no need to organize in the shadows. The Communist Party experienced enthusiastic support in the early years after its founding. It entered into a political alliance with Dr. Sun Yatsen's National Party in 1922. This decision was driven by the Comintern, but to the Chinese Communists' dismay, they were not allowed to join as a party, but instead as individuals in an attempt to dilute their cohesion.

Despite some misgivings in both the Nationalist and Communist Parties, the power sharing arrangement worked well enough and Sun was able to oversee the unification of southern China. However, in 1925, the National Party was shaken by the death of its leader, Sun Yatsen. Sun had held a spectrum of political views together under the umbrella of his National Party through sheer dint of personality. In his absence, divisions grew between the conservative and nationalistic wing of the party and the leftist, communist-led wing of the National Party.

The conservative wing of the Party was concerned about the Communists' activities and, by late 1926, this friction had reached a head. In an attempt to break the impasse and consolidate their influence the Communists tried to solidify their control over the National Party by purging the conservative wing out of leadership positions. The leader of the conservative wing was the commander of Nationalist military forces, Chiang Kai Shek.⁴⁵ The new Communist leadership in the National Party first removed him from his positions within the Party and then tried to strip him of his command. In April of 1927,

⁴⁴ John King Fairbank,, *China: A New History*, (Cambridge, MA: Harvard University Press. 1992. 302

⁴⁵ Romanization of Jiang Jieshi (蒋介石)

Chiang struck back with a massive purge of Communists out of the Nationalist Party. Chiang's coup was brutal; historians estimate that thousands of Communist Party members were killed.⁴⁶ Here, the Communists' agreement to join as individuals returned to haunt them as they lacked organizational power outside of the Nationalist Party which Chiang now had control over. Ominously for the Communist movement, Chiang also had Nationalist Party leftists who did not break with the Nationalists to provide lists of Communist Party members—a move that greatly enhanced his attempts to find and purge the Communists. Chiang's purge of the Communists continued for months, decimating the Communist wing of the National Party and driving its survivors out or underground.

One of the clear lessons for the Communist Party to come out of this coup is that in openly playing their hand the Party had allowed their opponents to anticipate and react to their moves in a timely manner. The reaction by the Party and its new rising star Mao Zedong was to conceal their intentions and look for opportunities as the situation developed. The Comintern was still convinced that the key to success was mobilizing the proletariat in China's cities. It duly removed the leader of the Chinese Communist Party, Chen Duxiu, who had overseen the disaster of 1927 and sent a series of young Chinese Communists to try and reverse the fortunes of the Communist movement from 1927 to 1935. These leaders consistently tried to foment a communist uprising within China's cities, but the attempts were ineffectual and the leaders became more and more marginalized.

There was another, less influential wing of the Communist Party that insisted the true center of gravity for China lay not in the cities, but instead in the countryside. This movement was led by a ruthless and ambitious young man named Mao Zedong⁴⁷. Mao's views were initially rejected by the Party leadership, but they allowed him to go out into the countryside to try his tactics. Initially, Mao had little success. The leaders he sought to arouse the peasants to overthrow were the local landlords. Unlike the national leadership, they had a much better idea of what was going on in their communities and actively combated Mao's attempts to organize the peasants. What Mao needed was armed strength in order to protect and enforce what he was seeking to build. The opportunity to gain this strength presented itself in August of 1927, when a large body of troops mutinied against the Nationalist Party in Nanchang, Jiangxi. Mao managed to link up with this body of troops and through a combination of subterfuge and bluster become their presumptive leader.

Mao used this grouping of troops to establish a Soviet collective in the countryside of Jiangxi. As it became more and more obvious that the Communist attempts to create an uprising in the cities was not going to be a viable road to power, the Communist Party began to turn to their other sources of strength. The key one of these was Mao's Jiangxi Soviet. However, as the members of the Party moved out to these communities, they found Mao was well entrenched and they had to accede to his authority. By 1934, Mao had leadership of the Party in hand.

⁴⁶ Elleman, Bruce A. *Modern Chinese Warfare, 1795-1989*. New York, New York. Routledge. 2001. 173

⁴⁷ The characters for his name being 毛泽东.

Chiang Kai Shek was not oblivious to the establishment of the Jiangxi Soviets, but Chiang had many different challenges on his plate at the same time. First, he had to consolidate his power within the Nationalist Party and then reach an accommodation with the warlords whom he had co-opted. Simultaneously, he faced challenges by both the Soviet Union and then later Japan in Northern China. In Northern China, he counted on the cooperation of a key northern warlord, Zhang Zuolin, whom he had defeated and co-opted in 1928.

Chiang first attempted to eliminate the Communist presence in Jiangxi through a series of four ineffectual campaigns that could not hold the ground they conquered. The Communist troops would melt away into the countryside and only give battle on terms favorable to them against isolated Nationalist units. It was not until Chiang's Fifth Campaign that he was able to force the remaining Communists out of their sanctuary and force them on to the legendary Long March in 1934. As the Communists retreated through western and then northern China, Chiang's troops pursued and kept the pressure on them, but did not catch and destroy the main body. Finally, in 1935, the Communists reached their new base area in Yanan. Chiang massed troops and prepared to finish off the exhausted Communists.

As Chiang prepared for this offensive in 1936, he felt that the destruction of the Communists would both help consolidate the power of the Nationalist government, prepare the area for his troops to fight the Japanese, and give them valuable experience. His important northern ally had other ideas. The northern warlord whom Chiang had defeated and co-opted, Zhang Zuolin, had been killed by the Japanese forces. His son, Zhang Xueliang, inherited his father's mantle. He had a much different view of the situation than Chiang. His experience had been to watch the Japanese slowly devour his father's power base in Manchuria and then kill his father. He had not seen much in the way of help from the Nationalist government to whom he and his father had sworn fealty. Instead, he had watched Chiang focus his efforts on destroying the Communist movement for which he had some sympathy. Moreover, Zhang was ambitious. According to some sources, he felt he could do a better job of running China than Chiang.⁴⁸

The Communists were aware of Zhang's feelings and both Mao and Zhou Enlai attempted to convince him of their sincere desire to end the civil war and of their support for the Nationalists, whether led by him or Chiang. In a classic example of perception management, Zhou convinced young Zhang that the Communists' true desire was to serve China's interest and fight the hated Japanese and were supportive of his ambitions.⁴⁹ Neither was possible as long as they were on the defensive fighting the much stronger Nationalists. This story accorded well with what Zhang wanted to believe and persuaded him to take action.

When Chiang came to Zhang's estate to order the commencement of a sixth campaign to destroy the Communists, Zhang arrested him and forced him to agree to stop attacking

⁴⁸ Chang Jung, *Mao: The Untold Story*. (New York: Alfred A. Knopf.,2005), 176

⁴⁹ *Ibid*, 181.

the Communists and instead to fight the Japanese. Zhang also considered how to go about replacing Chiang but was forced to release him⁵⁰. Though Chiang soon after had Zhang arrested, the opportunity had been lost. Zhang's troops would not attack the Communists and the Japanese were no longer a threat that could be ignored. Chiang turned his attention to the Japanese threat. Though he did make desultory attempts to cooperate with the Communists, he knew the Civil War would resume as soon as the Japanese threat passed.

During the Second World War, the Nationalists absorbed the brunt of the Japanese army's assaults. The Communists spoke loudly of their anti-Japanese stance, conducted low-level raiding and sabotage, and generally avoided any large engagements with the Japanese army. During this period, they carefully built up their base of operations in the north of China. This resource base was soon supplemented with arms. At the end of the war, Japanese forces surrendered to US and Soviet forces. The Soviets had captured Manchuria in the closing months of the war. Many of the stockpiles of Japanese weapons accepted by the Soviets soon found their way into the hands of the Communists.

Chiang miscalculated after the war and sought to occupy and hold as much of China as possible before the Communists could do the same. Conversely, the Communists had been laying the groundwork for this same resumption over the past eight years. By 1946, the Civil War had resumed. As the war began anew, it appeared the Nationalists had the advantage in troops and resources. However, in reality the Nationalists had a shattered country and a battered army. The many compromises Chiang had made to build a national government had led to rampant corruption. The Communists, on the other hand, had built a strong base area and an alluring propaganda story of their patriotism and role in the war. The promise of the Communists, built on a deceptive portrayal of their role in the war, was much more alluring to the average Chinese than the reality of a corrupt Nationalist government and hyper-inflation. The dispirited and demoralized Nationalist Army disintegrated under the Communist onslaught and by 1949, the last Nationalist forces were evacuating to Taiwan.

This short synopsis of the history of the Chinese Communist Party's beginnings brings to the fore a couple of institutional lessons learned by the Communists. The first was that the above board tactics used by the early Communists in the National Party backfired. The conservative wing of the National Party had ample warning of their intentions and used party lists to help purge the Communists. This lesson was not lost on the Communists, who, from this point on, worked subversively in the Chinese cities and sought to minimize their perceived threat to those they dealt with. In this tactic, perception management was a very active tool, as was deception about the Communists' true objectives.

A second lesson can be drawn from Mao's tactics within the Party. Mao was initially frozen out of early Party Congresses and decisions due to his disagreement with the Soviet-directed approach of engaging the Nationalist Party. When he saw that he could not prevail in the debate with the Party leadership, he withdrew from the Party discourse,

⁵⁰ Ibid., 186.

recognizing the danger inherent in disagreeing from a weak position⁵¹. While he superficially agreed to the need to begin the revolution in the cities, he took the opportunity methodically to build his own base of power in the countryside. Here, he actively presented a face of agreement and cooperation while simultaneously building his own power base to move in the opposite direction.

A third lesson that can be drawn is in the Communists' cultivation of Zhang Xueliang. The Chinese Communist Party sent a skilled interlocutor in the person of Zhou Enlai to cultivate Zhang's predisposition to believe that the Communists sincerely wished to fight the Japanese and end the civil war. Mao also coyly accommodated Zhang's belief that he could replace Chiang should the occasion arise. In both cases, Mao and Zhou misled Zhang to believe something he wanted to, in order to further their own goals.

The final lesson to be drawn from this short excerpt revolves around the Communist Party's skillful perception management of the Chinese populace about their wartime role. While the Communists did offer some significant contributions via their 8th Route Army during the war, this took place under the command of a Nationalist offensive. Independent Communist actions above the regimental level after the "New 4th Army Incident" with the Nationalists were few and far between. For the majority of the war, the Communist Party carefully built their base areas in preparation for a resumption of the civil war. However, to this day they communicate a convincing picture of their own resolute nationalistic movement incessantly fighting against the Japanese. The historical records and China's own museums lack much basis for this assertion.

These are a sampling from the early history of the Party. These experiences have led to the contemporary Chinese Communist Party's self image as a clever and patient organization. Arguably, many of the experiences have left an imprint on the Party's organizational culture. In other words, deception and perception control made a strong contribution to the Party's survival and ultimate triumph against the Nationalists. There is ample historical rationale for the Party to continue to use extensive deception and perception management both internally and externally to help shape the environment in which China pursues its national interests. As a result, it is instinctively protective of information as that could undermine its freedom of action and tip off any opponent.

The Communist Party's experience when coupled with China's imperial tradition gives a strong impulse for deception and perception management in the current era. Both have a long and respected tradition, validated by victories for adept practitioners of stratagem, deception and perception management.

⁵¹ Ibid., 34

Section 3: Some Goals for PRC Foreign Policy and National Security—Case Studies for Perception Management / Deception

For more than a century...China was threatened, bullied, invaded, and exploited...Given such a history of suffering, the Chinese want nothing but the important basics: that is, independence, unification, peace, and development.

--Zheng Bijian, Bo'oa Forum for Asia, 2003⁵²

The maturation of the Chinese Communist Party reveals an evolution of national priorities important for Chinese perception management and strategic deception, especially actions targeting the United States. Earlier, under Mao Zedong, the “Great Helmsman,” China pursued “self-reliance”—resulting in a foreign policy that greatly constrained Beijing’s international relations, while simultaneously promoting the emergence of Maoist revolutionary fervor. Chinese diplomacy at the time could best be characterized as: “Mao...reject[ing] the rules of the international system and [seeking] to over throw it, pursuing change through revolution.”⁵³ This isolationist philosophy began a slow thaw under Deng Xiaoping. In pursuit of “reform and opening” that would promote China’s economic revival, Deng adopted what might be thought of as a voyeur’s approach to foreign policy—directing Chinese leaders to be observant and silent.

Deng Xiaoping’s tentative approach to foreign affairs was definitively captured in his “24 character strategy.” Deng’s strategy directed China’s diplomatic and military apparatus to “observe calmly, secure our position; cope with affairs calmly; hide our capabilities and bide our time; be good at maintaining a low profile; and never claim leadership.” This directive resulted in statesmen who sought to avoid unnecessary provocations, shun excessive international burdens, and build up China’s power over the long-term.⁵⁴

Deng’s emphasis on quietly biding one’s time served to restrict China’s participation in multi- or even bilateral relationships. Concerned that multilateral institutions could be used to punish or constrain Beijing, Deng was a wary participant in a limited number of intergovernmental and nongovernmental organizations.⁵⁵ Nonetheless, he recognized the value of engaging the international community and sought to balance caution and pragmatism. The result is evident in Deng’s three best-known principles:

1. China’s economic development requires a peaceful international environment;
2. China must never head an alliance that could become a target of international contention;

⁵² Zheng Bijian, *China’s Peaceful Rise: Speeches of Zheng Bijian*, (Washington DC: Brookings Institution Press, 2005), 27-28.

⁵³ Evan S. Medeiros and M. Taylor Fravel, “China’s New Diplomacy,” *Foreign Affairs* 82, No. 6 (2003) .

⁵⁴ U.S. Department of Defense, “Annual Report to Congress: Military Power of the People’s Republic of China 2008,” Washington DC: Office of the Secretary of Defense, 2008), 8.

⁵⁵ Medeiros and Taylor, “China’s New Diplomacy.” See also: Thomas Christensen, “Chinese Realpolitik: Reading Beijing’s Worldview,” *Foreign Affairs* 75, No. 5 (1996), 38-40.

3. China must maintain a low profile and meet foreign challenges with great self-constraint.⁵⁶

China's reluctant engagement in bi- and multilateral forums reached a turning point as Jiang Zemin struggled to end Beijing's post-Tiananmen isolation. In a subtle challenge to Deng's international passivity, Jiang urged his countrymen to "gear up with the world" and expounded on ideas like "developing China as a comprehensive power."⁵⁷ In addition, Jiang and the CCP leadership came to the realization that international organizations and relations could serve Chinese economic, military, and political objectives. The result, in the mid 1990s, was that Beijing commenced a concerted effort to engage the outside world, particularly in multinational forums.

China's relationship with the Association of Southeast Asian Nations (ASEAN) is a demonstrative case-in-point.⁵⁸ In 1995, Chinese leaders opened a sequence of annual meetings with senior ASEAN officials. In 1997, Beijing facilitated establishment of ASEAN+3, an annual meeting with the 10 ASEAN countries plus China, Japan, and South Korea. This was followed by ASEAN+1, annual meetings between ASEAN and Chinese leaders. Similar incremental processes were used to engage the European Union and ultimately lead to the establishment of the Shanghai Cooperation Organization.⁵⁹

While Jiang Zemin's efforts to expand China's international outreach are little remembered, he was remarkably successful in undoing Mao's isolationism and Deng's caution. By the time Jiang departed the presidential office in 2003, China had so significantly increased its involvement in international institutions and organizations, that Beijing is now a signatory to almost all major international regimes, including membership in the World Trade Organization.⁶⁰

This timeline leads to Hu Jintao's ascension to power. His basic approach to international and domestic affairs is commonly attributed to Zheng Bijian, one of China's leading thinkers on ideological questions. A former member of the CCP's senior ranks, in 1992 Zheng served as Hu Jintao's deputy at the Central Party School. In that role Zheng worked closely with Hu in overhauling the school and turning it into a center for educating the next generation of Chinese leaders. The relationship between Hu and Zheng, however, is apparently more than simply that of two bureaucrats climbing the

⁵⁶ John Lewis and Xue Litai *Imagined Enemies: China Prepares for Uncertain War*, (Palo Alto: Stanford University Press, 2006), 250.

⁵⁷ Yongnian Zheng and Sow Tok, "'Harmonious Society' and 'Harmonious World': China's Policy Discourse Under Hu Jintao," Briefing Series, Issue 26, University of Nottingham, China Policy Institute, Nottingham, October 2007

⁵⁸ The Association of Southeast Asian Nations was established on 8 August 1967 in Bangkok. The five original members were Indonesia, Malaysia, Philippines, Singapore, and Thailand. Brunei joined on 8 January 1984, Vietnam on 28 July 1995, Laos and Burma on 23 July 1997, and Cambodia on 30 April 1999.

⁵⁹ The Shanghai Cooperation Organization (SCO) is an intergovernmental international organization founded in Shanghai on 15 June 2001. The six member countries are: China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan.

⁶⁰ Zheng and Tok, "'Harmonious Society' and 'Harmonious World' ..."

ladder of success. Zheng is now widely thought to have laid the intellectual foundation for Hu's "harmonious world" policy that is a framework for other national priorities.

Speaking before the United Nations' General Assembly in New York, Hu laid out a four-point proposal for building a harmonious world, an apparent example of perception management:

1. Multilateralism is the best means for realizing common security. According to Hu, "we must abandon the Cold War mentality, cultivate a new security concept featuring trust, mutual benefit, equality and cooperation, and build a fair and effective collective security mechanism";
2. Mutually beneficial cooperation should be upheld to achieve common prosperity. Hu argued, "we should work...to establish and improve a multilateral trading system that is open, fair, and non-discriminatory";
3. The spirit of inclusiveness must be upheld to build a world where all civilizations coexist harmoniously. In Hu's thinking, "we should endeavor to preserve the diversity of civilizations in the spirit of equality and openness, [and] make international relations more democratic";
4. The United Nation needs "rational and necessary reform" to maintain its authority, improve efficacy, and give better scope to its role in meeting new threats and challenges.⁶¹

Hu's emergent *Weltanschauung* of a "harmonious world" provides the thematic context to identify several basic PRC national security and foreign policy objectives. As an official articulation of this world view, Hu Jintao's speech in October 2007 at the 17th CCP National Congress is an authoritative source to identify such objectives. The general secretary's report to the CCP National Congress, which occurs once every five years, announces the Party's assessment of its past efforts and draws a roadmap for future endeavors. This path guides China in its pursuit of reform initiatives towards national modernization. An outline of Hu's speech to this congress identifies several overarching goals for the Party in the coming years.

- The people-centered scientific development concept to promote national rejuvenation and a harmonious society
- The construction of a well-off society in a comprehensive way
- The sound and rapid development of the national economy
- The development of people's, or socialist democracy
- The development of a prosperous socialist culture
- An improvement of the people's livelihood
- Modernizing national defense and the Armed Forces
- Peaceful reunification of the Motherland and peaceful development globally;
- Reform and innovation of the Party.⁶²

⁶¹ "Hu Makes 4-point Proposal for Building Harmonious World," *Xinhua*, 16 September 2005, Beijing.

This outline contains extensive detail, and it is possible to reduce this list to three basic objectives that convey the essence of China's current national goals for the domestic situation and the international environment: the *survival*, *development* and *influence* of Chinese socialism. These three objectives are evident conceptually in the outline of Hu's 17th Party Congress speech, and the goals are discussed in more detail in the following paragraphs.

Survival

The first basic objective refers to the physical survival of the Chinese socialist state, principally from foreign attack, especially a military invasion. Some Chinese authors view the history of military invasions into their country as a prominent indicator to discern potential military threats to the PRC. The *Science of Strategy*, an instructional document published by China's Academy of Military Science, explains how China's geostrategic location makes it a region of conflict, a focal point for foreign strategies with a maritime and continental focus.⁶³ These circumstances, reinforced by emerging trends in China's security environment, continue to pose the threat of a future attack on the mainland. Related developments amplify these concerns, such as the perceived "encirclement of China" by Western forces, a strategy supposedly led by the United States.⁶⁴ This political and military encirclement eventually seeks the demise of Chinese socialism and, with it, the end of the Chinese Communist Party, as happened in the former USSR. Chinese thinking on this and related survival issues identifies a global struggle between certain nations pursuing a policy of multilateralism (namely, developing nations led by China) and other, "hegemonistic" nations committed to a policy of unilateralism (namely, prominent developed nations led by the United States). Efforts to promote a unilateral world order, according to this view, undermine Chinese national development and constrain Chinese influence abroad. More importantly, unilateralism increases the likelihood of an armed conflict or local war involving the PRC and other regional players.

Development

Despite the persistence of threats to the survival of the PRC, Chinese officials (most notably Hu Jintao) who survey the regional environment typically describe this era as one of "peace and development." In other words, there are no major overt military threats to China's survival and the likelihood of a major war is seen as remote. A reconciliation of these two Chinese assessments—the potential for future conflict versus the reality of peaceful development—acknowledges, first, the enduring relevance of military power to ensure the physical defense of China, while emphasizing, second, the trend of regional stability that allows China to focus its efforts on its second main objective—economic

⁶² "Text of Hu Jintao's Report at 17th CCP National Congress," *Xinhua*, 24 October 2007. OSC Document ID: CPP20071024004008.

⁶³ Peng Guangqian and Yao Youzhi, ed. Section II, China's Geo-Environment and National Security, in Chapter 23, "The High-Tech Local War that China May Face in the Future," *The Science of Military Strategy*. (Beijing: Military Science Publishing House, 2005).

⁶⁴ For example, Yang Yunzhong, "Some Strategic Reflections on the Main Threats to China's Security in the Early 21st Century," *Dangdai Yatai*, No. 10, 15 October 2002. OSC Document ID: CPP20021204000188.

development. The Party's current chronology of economic development for China is framed by the nation's so-called "Strategic Opportunity," a period of time from 2000 to 2020 that was formally announced at the 16th Party Congress of the CCP in 2002. This "opportunity" follows the prioritization of Deng's Four Modernizations—agriculture, industry, technology, and then defense—a program designed to make China an economic power. Accordingly, Chinese economic security is now the most important aspect of Chinese national security, a change from prior decades when military power held that position.⁶⁵ Furthermore, preventing armed conflict is crucial to ensure China's uninterrupted modernization and economic growth, so the PRC can become the main regional power in the Asia Pacific by 2020.

Influence

With power comes responsibility, the Chinese government appears to acknowledge, and the further promotion of Chinese influence on a global scale is the third objective identified in this overview of basic PRC foreign policy and security objectives. In this Chinese thinking, diplomacy becomes a crucial complement to both economic development and national survival. As an example, Chinese energy diplomacy aims, among several objectives, to protect China's existing energy access to meet its growing demand for imported oil, to ease tensions in critical oil producing regions of the world (mainly, the Middle East), and to promote Chinese interests in other parts of the world to increase China's petroleum supply and diversify its foreign resource base.⁶⁶ However, extending the reach of Chinese influence is complicated by many factors. These include foreign perceptions that China's diplomatic outreach, to use the example of energy, is simply an effort to satiate its growing hunger for resources, regardless of the cost to other nations.

In light of this layout of objectives, it is a sound assumption that China would employ multiple means, including the possibility of strategic deception and perception management, to help achieve these three basic national objectives—survival, development, influence. In the remainder of this section, this paper examines several case studies to test the assumption.

Case 1: Beijing's Diplomatic Outreach

*China does careful global geopolitical calculations in which it tries to objectively analyze its geopolitical assets and liabilities. It then works out a long-term plan to enhance its assets and minimize its liabilities.*⁶⁷

-- Kishore Mahbubani, *Spring 2008*

⁶⁵ Liu Yuejin, ed., Chapter 7, "Economic Security," in *Science of National Security*. (Beijing: China University of Political Science and Law Publishing House, 2004)

⁶⁶ Xu Qinhua, *China's Energy Diplomacy and its Implications for Global Energy Security*, FES Briefing Paper 13, Beijing, August 2007.

⁶⁷ Kishore Mahbubani, "Smart Power, Chinese-Style," *The American Interest*, March/April 2008, 76.

The diplomatic corps is a key element in China's expanding efforts to reach a global audience. Chinese diplomats, unlike some counterparts, are noted as pragmatic representatives who often employ ideological and/or doctrinaire messages. Despite this popular perception, it is important to evaluate Chinese diplomatic efforts for signs of a broader perception management and strategic deception campaign. Are Chinese diplomats actually pursuing broad agendas reflecting a variety of transparent national objectives, or are they a tool ultimately employed to manipulate elite perceptions?

For more than a decade, Western scholars have argued that China is an ardent practitioner of *realpolitik*. In 1996, Thomas Christensen, a Deputy Assistant Secretary of State for East Asian and Pacific Affairs in the second Bush administration, declared Beijing's foreign ministry "certainly think[s] more like [a] traditional balance of power theorist than do most contemporary Western leaders and policy analysts." Chinese diplomats, he continued, are "much less likely than their Western counterparts to emphasize political, cultural or ideological differences with foreign countries."⁶⁸ In fact, since 1996 Beijing has forged a diplomatic strategy with two broad purposes:

1. To maintain the international conditions necessary to facilitate China's focus on domestic capabilities (primarily economic development);
2. To reduce the likelihood the U.S. or other nations will use their current material advantage to truncate China's ascent and frustrate its international aspirations.⁶⁹

China and Latin America

Beijing has not limited outreach efforts to Asia. China has also sought to establish a diplomatic foothold in Latin America. The ideological foundations for this outreach were outlined in a White Paper released in November 2008. The White Paper declares: "the Chinese government views its relations with Latin America...from a strategic plane and seeks to build and develop a comprehensive and cooperative partnership featuring equality, mutual benefit, and common development." According to Beijing, the goals of China's policy for Latin America are:

- Promote mutual respect and mutual trust
- Deepen cooperation and win-win results
- Draw on each other's strengths to boost common progress
- Establish the one China principle as the political basis for the establishment of relations between China and Latin America.

Commenting on the White Paper, Michael Shifter, vice president for policy and director of the Andean program at the Inter-America Dialogue, observed "there is nothing surprising in the policy paper...it...sets out in general terms a framework for what the Chinese government is doing and plans to do in the region." He then went on to note, "nothing in the document should alarm or trouble the U.S., though it should be a wake-up call that Washington risks missing attractive opportunities in Latin America." (Minnick, Nov 2008.)

⁶⁸ Thomas Christensen,, "Chinese Realpolitik: Reading Beijing's Worldview," *Foreign Affairs* 75, No. 5. (1996) 37-38.

⁶⁹ Avery Goldstein,, "The Diplomatic Face of China's Grand Strategy: A Rising Power's Emerging Choice," *The China Quarterly* 168 (Cambridge University Press, 2001), 836.

Partnership is an important aspect of this strategy, and therefore Beijing's understanding of international partnership merits examination.

Beijing's growing participation in multilateral international organizations, and almost universal normalization of diplomatic relations, springs from an effort to cultivate partnerships. China's focus on partnerships is intended to "enhance its attractiveness to the other great powers while retaining flexibility by not decisively aligning with any particular state or group of states."⁷⁰ In order to accomplish this objective, Beijing has emphasized:

1. Establishing bilateral relationships without targeting a third party;
2. Promoting economic intercourse;
3. Focusing on shared concerns instead of disagreements;
4. Rendering official visits—particularly military-to-military exchanges and leadership summits—routine.⁷¹

Harkening back to China's understanding of international balance of power dynamics, this *realpolitik* approach to foreign policy and the practice of diplomacy is unlikely to change in the foreseeable future. What has changed, however, is the manner in which China practices international diplomacy.

China's Diplomatic Corps

Chinese diplomats were once an isolated lot. Frequently unfamiliar with local culture, customs, or language, these official representatives of the People's Republic would hide behind the doors and walls of their diplomatic compound. No more. China's Foreign Service now appears intent on only employing the best and the brightest. As a dean at the National University of Singapore declared, Chinese embassies are trumping their international counterparts "through the powerful combination of enhanced geopolitical acumen and better professional diplomacy."⁷²

What constitutes "better professional diplomacy?" According to the author of *Charm Offensive: How China's Soft Power is Transforming the World*, over the last 15 years China's Ministry of Foreign Affairs has sought to retire older, more ideological diplomats, strongly encourage regional specialization, and demand enhancement of language skills. This effort is coming to fruition. As of 2005, approximately half of China's 4,000 diplomats were less than 35 years old. Many of these newer employees had studied local languages at overseas universities, and all were subject to repeat assignments within a particular geographic area.⁷³

⁷⁰ Ibid, 846.

⁷¹ Ibid, 847.

⁷² Kishore Mahbubani, "Smart Power, Chinese-Style," *The American Interest* (March/April 2008), 71.

⁷³ Joshua Kurlantzick, *Charm Offensive: How China's Soft Power is Transforming the World*, (New Haven: Yale University Press, 2007), 65. See also: Henry Liu, "China: Banking on Bank Reform," *Asia Times*, Hong Kong, 1 June 2002.

The result is a diplomatic corps that is repeatedly praised as professional, knowledgeable, and accessible. This final attribute is commonly cited as a stark contrast with American embassies. As a Singaporean scholar put it, “while Chinese diplomats walk around freely without escort, American diplomats live and work in a fortress-like compound, and venture outside only rarely and with great care in many countries.”⁷⁴ Needless to say, the Chinese are thought to be using these differences to Beijing’s advantage—seeking to cultivate ties where Americans are perceived as being unwilling, or unable, to tread.

Aggressive Public Diplomacy

According to the US State Department, public diplomacy is focused on promoting national interests through understanding, informing and influencing foreign audiences.⁷⁵ While the most visible element of China’s push on this front—the planned establishment of over 1,000 offshore Confucius Institutes to offer Chinese culture and language classes—has received considerable public attention, the full scope of Beijing’s outreach effort is less well known.

Consider, for example, the main objectives for Chinese public diplomacy. Beijing seeks to employ public diplomacy as a means of:

1. Publicizing China’s assertions to the outside world;
2. Forming a desirable image of the Chinese state;
3. Issuing rebuttals to “distorted” overseas reports about China;
4. Improving the international environment surrounding China;
5. Exerting influence on the policy decisions made in foreign countries.⁷⁶

The \$6.5 Billion Outreach Campaign

China is in the midst of an “overseas propaganda” campaign that seeks to rival CNN or the BBC. Armed with a reported \$6.58 billion, Chinese authorities are diligently working to establish an English language news channel modeled on al-Jazeera. The goal? To provide Beijing’s take on current issues and events. This international outreach also includes an upgrade for *Xinhua*, China’s official news agency. There are now reports *Xinhua* is planning to standup a 24-hour news channel that would compete with CNN. In the words of one CCP Politburo Standing Committee member, it is time for Chinese officials to go out and “vigorously sing the praises of the achievements of the CCP, socialism, the reform policy, and the glories of the great motherland.” (Willy Lam, “Chinese State Media Goes Global: A Great Leap Outward for Chinese Soft Power?” *China Brief*, Vol. 9, No. 2, The Jamestown Foundation, Washington DC, 22 January 2009,)

⁷⁴ Mahbubani, Kishore, “Smart Power, Chinese-Style,”71..

⁷⁵ U.S. Department of State, “Planning Group for Integration of USIA into the Department of State,” Washington DC., 20 June 1997.

⁷⁶ Rumi Aoyama, “Chinese Diplomacy in the Multimedia Age,” edited by Kazuko Mori and Kenichiro Hirano in *A New East Asia: Toward a Regional Community*, National University of Singapore, 2007.

This is no modest agenda, and the Chinese leadership is ardently pursuing the means available for disseminating its message. Historically, Beijing sought to practice public diplomacy by employing periodicals, selective contacts with foreign correspondents, and English-language radio broadcasts. By 2004, the Chinese leadership was seeking to diversify its means of communicating with foreign audiences. Accordingly, Beijing has issued instructions to:

1. Boost external publicity through the Internet;
2. Expand cultural exchanges by unifying these events with external publicity;
3. Make the external cultural industry more competitive and influential;
4. Adopt a more positive attitude toward foreign media and reporters;
5. Strengthen external publicity activities by studying communications marketing;
6. Make concentrated efforts to publicize important issues on a priority basis.⁷⁷

In short, China's modern practice of public diplomacy is "not your father's Oldsmobile." Developments over the last ten years strongly suggest Beijing has come to understand and practice strategic communication—getting the right message to the right audience through the right medium at the right time. The breadth of this effort is indicative of a global campaign intended to paint China in the hues Beijing selects, not those imposed by external critics. This increasingly sophisticated application of diplomatic tools is certain to expand in scope and message over the coming decade.

Rise of the Confucius Institute

A visible element of China's public diplomacy is the expanding chain of Confucius Institutes. Run by China's Ministry of Education, the Confucius Institutes "promote friendly relationships with other countries and enhancing the understanding of the Chinese language and culture" by fostering and supporting initiatives led by local nongovernmental organizations and/or universities. The first Confucius Institute in Tashkent, Uzbekistan was established in June 2004 as a pilot program. As of November 2008, there were over 300 Confucius Institutes operating in almost 80 countries. By 2010 500 Confucius Institutes are planned to be in operation, and 1,000 by 2020.

The Confucius Institutes are a low-key means of expanding international familiarity with Chinese culture. Rather than "planting flag poles" with physical structures, the Institutes are established within universities or similar educational organizations. As one scholar notes, "the founding of the Confucius Institutes is, by and large, an image management project...to promote the greatness of Chinese culture while...counterattacking public opinion that maintains the...'China threat'." (Xiaolin Guo, 2008, "Repackaging Confucius," Institute for Security and Development Policy, Stockholm, Sweden, July 2007,; and, Ingrid d'Hooghe, "The Rise of China's Public Diplomacy," Netherlands Institute of International Relations, The Hague, July 2007,)

⁷⁷ Rumi Aoyama, "Chinese Diplomacy in the Multimedia Age: Public Diplomacy and Civil Diplomacy," Research Institute of Current Chinese Affairs, Waseda University, Tokyo, December 2004, p. 13.

At a minimum, the evidence in this case study points toward Beijing’s use of diplomacy to support perception management. It is true that a similar accusation could be leveled at every other nation’s public diplomacy, since this is a standard employment of diplomats. China’s diplomacy is no less, nor no more suspicious than any other state’s diplomatic outreach. There is an important caveat, however: the acknowledged role of diplomacy to support Chinese strategic deception. The evidence examined in this case study does not identify an instance of diplomatic support for strategic deception. Possibly, diplomacy in this role is most effective when facing an imminent outbreak of hostilities or during an armed conflict, when concealing China’s strategic intention and capabilities are a priority. Nonetheless, the significance of Chinese diplomacy for perception management should not be underestimated. China’s exercise of diplomacy is increasingly effective and extensively practiced, and it is difficult to combat.

Case 2: Shaping and China’s National Defense in 2008

What exactly is the meaning of “shaping” especially in a geo-political or military context? How does one state “shape” others and to what end? Department of Defense documents have made reference to “shaping” for over a decade though only recently has an effort been made to specifically define the word and explore its ramifications for military operations. In the 1997 Report of the Quadrennial Defense Review, then Secretary of Defense William S. Cohen wrote:

The Department of Defense has an essential role to play in shaping the international security environment in ways that promote and protect U.S. national interests . . . To do so, the Department employs a wide variety of means including: forces permanently stationed abroad; forces rotationally deployed overseas; forces deployed temporarily for exercises; combined training, or military-to-military interactions; and programs such as defense cooperation, security assistance, International Military Education and Training (IMET) programs, and international arms cooperation.⁷⁸
[underline added for emphasis]

More recently the 2006 Quadrennial Defense Review (QDR)⁷⁹ again made reference to “shaping” though did not define it. Instead the 2006 QDR gave a list of shaping activities needed in dealing with countries at what it refers a “strategic crossroads.”⁸⁰ These capabilities are:

1. Security cooperation and engagement activities including joint training exercises,

⁷⁸ U.S. Department of Defense, *1997 Quadrennial Defense Review Report* (Office of the Secretary of Defense, Washington DC), 9

⁷⁹ U.S. Department of Defense, *2006 Quadrennial Defense Review Report* (Office of the Secretary of Defense, Washington DC), 27-32.

⁸⁰ Unfortunately the QDR does not define the term “strategic crossroads,” though it singles out countries in a variety of situations including those that seek to make the transition to democracy, end nuclear weapons programs (Libya), are future great powers (China and India), and countries in which democracy is losing ground (Russia and Venezuela).

- senior staff talks, and officer and foreign internal defense training to increase understanding, strengthen allies and partners, and accurately communicate US objectives and intent--this will require both new authorities and 21st century mechanisms for the interagency process;
2. Considerably improved language and cultural awareness to develop a greater understanding of emerging powers and how they may approach strategic choices;
 3. Persistent surveillance, including systems that can penetrate and loiter in denied or contested areas;
 4. The capability to deploy rapidly, assemble, command, project, reconstitute, and re-employ joint combat power from all domains to facilitate assured access;
 5. Prompt and high-volume global strike to deter aggression or coercion, and if deterrence fails, to provide a broader range of conventional response options to the President;
 6. Secure broadband communications into denied or contested areas to support penetrating surveillance and strike systems.⁸¹

The QDR states that needed capabilities for shaping range from specific technical systems, new organizational processes, to an emphasis on cultural and language training. Finally, in August of the same year, Joint Forces Command (JFCOM) recognized that it was necessary to develop a joint operating concept or JOC to explain what shaping meant and more specifically the resulting role of the joint force in executing shaping operations. This ultimately resulted in the publication of the Military Contribution to Cooperative Security (CS) Joint Operating Concept. This document was significant for two reasons: (1) because it marked both a refinement of definitions; and (2) it was recognition that shaping was part of the broader (and more understandable) term of cooperative security and henceforth would be called such. Cooperative security (which includes shaping) was defined as:

The set of continuous, long-term integrated, comprehensive actions among a broad spectrum of U.S. and international governmental and nongovernmental partners that maintains or enhances stability, prevents or mitigates crises, and enables other operations when crises occur. This term and its definition reflect an expanded view of actions that are described as “shaping” in the Capstone Concept for Joint Operations (CCJO) and current joint doctrine.⁸² [underline added for emphasis]

The JOC further enunciates objectives of cooperative security/shaping operations to:

1. Strengthen US security posture in the region;
2. Advance constructive security initiatives and build transnational and partner nation

⁸¹ U.S. Department of Defense, *2006 Quadrennial Defense Review Report*, 31-32.

⁸² U.S. Department of Defense, “Military Contribution to Cooperative Security (CS) Joint Operating Concept,” (Washington DC: 28 March 2008) iii.

- capacity and capabilities in the region;
3. Thwart the emergence of security threats (transnational and host nation) in the region;
 4. Contribute to US and international initiatives to alleviate the underlying conditions, motivators, and enablers of violent extremism and destabilizing militancy;
 5. Enable and improve cooperative security arrangements for improved multinational operating performance.⁸³

Still referring to cooperative security and shaping in separate terms after the publication of the CS JOC, the Capstone Concept for Joint Operations (CCJO), version 3.0 published January 15, 2009 states that the importance of “shaping developments proactively [is] so that they do not reach crisis proportions requiring the employment of a sizable joint force.” Furthermore it states that the need for cooperative security is “to share the burden of maintaining security and stability.”⁸⁴

Instances of Shaping in the 2008 Defense White Paper

Beijing does not enjoy the multitude of collective security arrangements such as the North Atlantic Treaty Organization (NATO) or even the bilateral agreements in East Asia with Tokyo, Seoul, and Taipei that Washington maintains. Though China has become a major supplier of weapons and has provided assistance to nations in the past, most notably North Korea during the 1950-1953 Korean War,⁸⁵ it finds itself largely alone and self-reliant for its security since the 1960 “Sino-Soviet split.” As a result, the term “shaping” and not “cooperative security” is still the appropriate term in reference to potential Chinese military outreach activity, as the later would imply a second party-- which there is none.

That is not to say that Beijing avoids alliances and collective security agreements. In fact its development of the Shanghai Cooperation Organization and membership in ASEAN+3 are foundational steps towards such agreements. However China, unlike the rising United States in the nineteenth century faces a situation in which neighboring states are paying close attention to its activities making such alliances with other states unlikely. At the same time, China’s ability to project power, though growing, is still limited. This means that mutual defense treaties with states outside the region are also unlikely as the utility of an agreement that cannot be enacted is in doubt.

Geography and current power aside, China has yet to develop enough goodwill capital as (1) its rise is still a work in progress, the very outcome of it has yet to be determined and (2) try as the current leaders in the Chinese Communist Party might to move beyond China’s recent history (Mao through Tiananmen), it still leaves others with a feeling of

⁸³ Ibid. iv-v.

⁸⁴ U.S. Department of Defense, “Capstone Concept for Joint Operations,” (Washington DC: 15 January 2009), 6.

⁸⁵ Or as Beijing refers to it, “the War to Resist US Aggression and Aid Korea.” Information Office of the State Council of the People’s Republic of China, *China’s National Defense in 2008* (Beijing: Foreign Languages Press, 2009), 35.

unease. And furthermore, (3) a specific threat of any sort (other than possibly China itself) has not appeared on the horizon that would serve as impetus for countries to enter into collective security arrangements with China. While this cannot be ruled out as a future possibility, for the present the forcing function is largely absent.

Shaping in this case study is defined from Beijing's point of view as activities designed to promote an acceptable state of peace and security and preclude or mitigate crises in the East Asian region and worldwide.

Collective security alliances such as the North Atlantic Treaty Organization (NATO) can then be seen as one of the paramount outcomes of successful shaping activities. Cooperative security falls below an alliance in this hierarchy, as it is not an agreement based on the defense of all, by all but rather a bilateral agreement or series of agreements between two countries to work together to deal with common security challenges that both face. These threats generally fall below the level of state on state competition such as drugs, illegal immigration, or terrorism and are not often binding or indefinite arrangements.

Beijing is undertaking a delicate balancing act because it is both broadening its military might and simultaneously seeking to reassure its neighbors that they need not fear it. One foundational aspect of seeking to assure benign intent is the biannual defense white paper that is a public statement about China's military objectives and intentions. The 2008 edition is a primarily a shaping document intended to show Beijing's interest in being perceived as a responsible stakeholder while growing in military might.

Peaceful Development

Unlike the Asian Tigers, China's lack of transparency, continued single-party rule by the Chinese Communist Party, and most importantly the size of its population make even a moderate level of gross domestic product per person a potentially worrisome state. While the Asian Tigers⁸⁶ developed into highly industrial countries and became wealthy, their populations were relatively small. Such states are less threatening because, regardless of intentions, their military might is still small. Unlike these states a nation such as China that has both considerable size as well as wealth can also have considerable military might.⁸⁷ A state with considerable military might relative to its neighbors has the potential to be a revisionist state or one that seeks to upset the current balance of power in the region towards its favor.

Beijing adamantly denies that its growing economic and military might is coupled with a desire to dominate its region. Aware of this negative image, past white papers used the phrase "China Threat Theory" as a straw man device in referring to the broad and diverse criticisms and critiques that question China's ultimate motives. Beijing states that the China Threat Theory is a baseless claim designed to "hold...[China's] progress in check...." The China Threat Theory is being promulgated by "a small number of

⁸⁶ This term was regularly applied to the economies of Hong Kong, South Korea, Singapore, and Taiwan.

⁸⁷ This argument is made in John J. Mearsheimer,., *The Tragedy of Great Power Politics* (New York: W.W. Norton, 2001).

countries...[that] have stirred up a racket.”⁸⁸

To combat the “China Threat Theory” Beijing repeatedly hammers the theme of what was formerly “peaceful rise” and is now referred to as “peaceful development” in the 2008 White Paper. The phrase is a piece of a carefully planned perception management strategy used in referring to China’s desire to solidify its place as a great power. China recognizes this transformation from a developing to a developed society is unsettling to many of its neighbors in East, South, and Southeast Asia and resorts to positive and reaffirming language when speaking about the country’s growth and transformation.

China is unswervingly taking the road of peaceful development, unswervingly carrying out its policies of reform and opening-up and socialist modernization, unswervingly pursuing an independent foreign policy of peace and a national defense policy solely aimed at protecting its territory and people, and endeavoring to build, together with other countries, a harmonious world of enduring peace and common prosperity.⁸⁹ [Underline added for emphasis]

As can be seen from the previous statement China is explicitly recognizing its growing military strength by stating that it is essential for “territorial defense.” Self-introspection has its limits, however. Throughout the paper, China makes unqualified statements such as “defense expenditure has always been kept at a reasonable and appropriate level” and thus gives the impression that the authors are seeking to leave the reader with the equally unqualified belief that such will be the case in the future.⁹⁰ One can only guess what a “reasonable” and “appropriate” level is. Contrary to numerous reports⁹¹ that state China’s total defense expenditures are not fully accounted for in official data, the 2008 White Paper does supply a table that purports to show spending from 1978-2007 including a decrease in military spending relative to GDP and a surprisingly low current expenditure of 1.38% of total GDP.⁹²

Regional Security Architecture

As stated earlier, Beijing actively seeks security cooperation with its neighbors. Specifically through forums that it has created such as the Shanghai Cooperative Organization (SCO) or through, though less ideal, the Association for South East Asian Nations Plus Three (ASEAN+3). Both organizations are more forum than alliance structure and allow China to demonstrate benign intent and willingness to work with

⁸⁸ Information Office of the State Council of the People’s Republic of China, *China’s National Defense in 2006* (Beijing: Foreign Languages Press, 2006), 6. Words in hyphens added.

⁸⁹ Information Office of the State Council of the People’s Republic of China, *China’s National Defense in 2008* (Beijing: Foreign Languages Press, 2009), 1.

⁹⁰ *Ibid.*, 65

⁹¹ Most if not all of OSD’s annual reports to Congress make this claim. The most recent is U.S. Department of Defense, “Annual Report to Congress: Military Power of the People’s Republic of China 2008,” (Office of the Secretary of Defense: Washington DC, 2008).

⁹² This table also shows, however, a dramatic overall rise in spending 923.356 billion RMB in 1997 to 4978.135 billion RMB in 2007. Information Office of the State Council of the People’s Republic of China, *China’s National Defense in 2008* (Beijing: Foreign Languages Press, 2009), 103.

other nations. As such both organizations rely on the mutual consent of the members and are not binding treaty alliances such as NATO.

Through Beijing's establishment of the Shanghai Cooperation Organization, China seeks security cooperation with its members: Russia, Kazakhstan, Kyrgyzstan, Uzbekistan, and Tajikistan. Central Asia is a well-known hotbed of Islamist militants and cooperation through border security and counterterrorism exercises is a key aspect of the SCO. All members have populations of Uyghur peoples, a group that Beijing considers a threat because of separatist sentiments. The 2008 White Paper mentions those seeking "East Turkistan independence," Tibetan independence and Taiwan independence.⁹³ Recent SCO treaties/agreements as articulated in the 2008 White Paper are:

1. Treaty on Long-Term Good-Neighborly Relations
2. Friendship and Cooperation
3. Agreement on Conducting Joint Military Exercises
4. Agreement on Cooperation of Defense Ministries
5. Agreement of SCO Governments on Cooperation in Combating the Illegal Circulation of Weapons, Ammunition and Explosives
6. Agreement on the Training of Counter-Terrorism Professionals
7. Action Plan to Ensure International Information Security⁹⁴

Given Beijing's concern about Uyghur separatism, it is no surprise that counter terror exercises held in 2007 were in the Xinjiang Uyghur Autonomous Region and involved all five-member countries.⁹⁵

United Nations Peacekeeping

China's shaping activities extend well beyond Asia, as Beijing is a major contributor to United Nations Peacekeeping activities. This currently includes almost 2,000 Chinese peacekeepers in nine operations in countries such as Liberia, Sudan, Democratic Republic of Congo, Lebanon, Kosovo, East Timor, and Haiti.⁹⁶ Though many of these operations are far from China, Beijing gains tangential benefits for its participation. Such participation undergirds its status as a responsible world stakeholder and shows that it is willing to shoulder burdens for the collective good commensurate to its status. China's involvement in Africa peacekeeping missions in particular is part of a multi-pronged approach of engagement on the continent that is centered on economic trade and aid. Africa is a major supplier of energy to China and is a major target of Chinese investment and engagement.

China's engagement shows both perception management and hints at some level of deception. Its activist engagement of international organizations and participation in peacekeeping paint the perception of a non-threatening status quo power, and this power prefers to use the tools of diplomacy rather than resort to weapons of force. Alternatively,

⁹³ Ibid., 6.

⁹⁴ Ibid., 70.

⁹⁵ Ibid., 73.

⁹⁶ Ibid., 71-2.

China's 2008 White Paper is replete with assertions and allusions and devoid of much content, despite years of encouragement from the international community. Additionally, China's engagement of international organizations is somewhat of a mixed bag, as it has invited Iran, Pakistan, and India to act as observers in the Shanghai Cooperation Organization, but has not accepted a US observer despite a request dating to 2005. (The ASEAN+3 formulation to discuss regional affairs came with the explicit condition of excluding the U.S. from the discussion.) In this context, it is clear China is advancing its interests of influence and development, but seemingly doing so in a competitive manner with the United States.

Case 3: China's Sovereign Wealth Fund

Given the state of the global economy in 2009, one could argue that deep pockets have become a more powerful instrument of national power. China's strong economic growth and substantial foreign exchange reserves give Beijing economic leverage that it can use to address domestic needs and exercise international influence. Because much of China's reserves are in US Treasury notes, how China uses its reserves and what it says about how it will use its reserves are matters of interest and concern.

The rapid growth of China's foreign exchange reserves is a direct result of economic globalization and Beijing's monetary policy.⁹⁷ Beijing both holds down labor costs—thereby making Chinese-manufactured goods the choice for many consumers—and centralizes the accumulation of foreign capital. To maintain the yuan's value against the dollar,⁹⁸ China “sterilizes” incoming dollars by compelling domestic recipients to convert their earnings into Renminbi at a carefully maintained exchange rate. The foreign currency is then shuttled through the finance system to the People's Bank of China (the central bank), and finally to the State Administration for Foreign Exchange (SAFE) where it is reinvested—usually in the United States—to stimulate further consumption.⁹⁹ While this process costs the national government money at the time of transaction, the net result is a long-term gain for China via increased exports and an associated growth in gross domestic product.¹⁰⁰

⁹⁷ For a concise summary of China's historic exchange rate policy see: Lardy, Nicholas, “Exchange Rate and Monetary Policy in China,” *Cato Journal* 25, No. 1 (2005), 41-47.

⁹⁸ Some economists argue Chinese management of the exchange rate has resulted in the yuan being undervalued by 15-25%. Beijing is sensitive to these claims and has sought to address the issue by allowing the yuan to increase in value against the dollar. In 2007, this policy resulted in the yuan increasing in value against the dollar by 6.9%. This was more than twice the “float” allowed in 2006, when the yuan only rose against the dollar by 3.4%. To help keep this change in perspective, China's official exchange rate for the yuan remained locked in place at 8.28 to \$1 from 1996 to July 2005. As of April 2008, the yuan-dollar exchange rate was approximately 7.00 to \$1. For more on China's monetary exchange policy see: Morris Goldstein, “Adjusting China's Exchange Rate Policies,” Paper presented at the IMF seminar on China's Foreign Exchange System, Peterson Institute for International Economics, Washington DC, May 2004.

⁹⁹ Stephen Green, “Making Monetary Policy Work in China: A Report from the Money Market Front Line,” (working paper 245, Stanford Center of International Development, Stanford University, CA: July 2005,).

¹⁰⁰ For a layman's description of this process and other means the Chinese government uses to prevent inflation and rapid Yuan appreciation against the dollar see: James Fallows, “The \$1.4 Trillion Question,” *The Atlantic*, January 2008, 35-48.

Since 2001, the Chinese central bank has invested a lion's share of its foreign exchange earnings in US government debt.¹⁰¹ In 2004 China purchased one-fifth of all US Treasury securities. In 2005 that figure was 30%. In 2006 it was 36%. In 2007, however, Beijing was a net seller of US government notes.¹⁰²

The change in behavior in 2007 was not because Chinese foreign exchange earnings diminished—in fact they continued to grow—or the result of American political pressure. Nor was the Chinese decision to sell US Treasuries the start of the so-called financial “nuclear option.” In popular wisdom, the “nuclear option” purportedly would lead to a dramatic decline in the value of the dollar, collapse of the Treasury bond market, and a potential US economic recession. Although some lower-level Chinese officials have speculated on the nuclear option¹⁰³, other more senior Chinese officials have dismissed such a possibility stressing the links between the US and Chinese economies. In August 2007 the People's Bank of China released a statement declaring Beijing is “a responsible investor in international financial markets” and that “US dollar assets, including American government bonds, are an important component of China's foreign exchange reserves.”¹⁰⁴

There is circumstantial evidence that Chinese leaders have debated the wisdom of continuing to invest heavily in US Treasuries and have considered other options. In July 2007, an academic from Shanghai's Fudan University published a newspaper article arguing that, “from a rate of return standpoint...buying US Treasury bonds is not very

¹⁰¹ James Laurenceson and Fengming Qin, “China's Exchange Rate Policy: the Case Against Abandoning the Dollar Peg,” (School of Economics, University of Queensland, 2005).

¹⁰² Floyd Norris, “China Less Willing to be America's Piggy Bank,” *The New York Times*, 22 December 2007.. According to the U.S. Treasury, in January 2008 China owned \$492 billion in U.S. Treasury securities—second only to Tokyo (\$586 billion). The United Kingdom came in a distant third with \$160 billion in Treasury securities. Interestingly, the net sell off of U.S. Treasury securities noted in the *New York Times* article was not limited to China—Japan and the United Kingdom were also selling their U.S. government notes. (U.S. Department of Treasury, “Major Foreign Holders of Treasury Securities,” Washington DC, January 2008).

¹⁰³ In early August 2007, two Chinese officials renewed concern over employment of the financial “nuclear option” when responding to reports the U.S. was considering trade sanctions as a means of compelling revaluation the Yuan. Xia Bin, finance chief at the Development Research Center told reporters Beijing's foreign reserves could be used as a “bargaining chip” in talks with the US. However, he went on to declare, “of course, China doesn't want any undesirable phenomenon in the global financial order.” He Fan, an official at the Chinese Academy of Social Sciences, took matters a step further by letting it be known Beijing has the power to set off a dollar collapse. According to He Fan, “China has accumulated a large sum of U.S. dollars. Such a big sum, of which a considerable portion is in U.S. Treasury bonds, contributes a great deal to maintaining the position of the dollar as a reserve currency. Russia, Switzerland, and several other countries have reduced their dollar holdings. China is unlikely to follow suit as long as the Yuan's exchange rate is stable against the dollar. The Chinese central bank will be forced to sell dollars once the Yuan appreciated dramatically, which might lead to a mass depreciation of the dollar.” (Ambrose Evans-Pritchard, “China Threatens ‘Nuclear Option’ of Dollar Sales,” *The Telegraph*, 10 August 2007..)

¹⁰⁴ Sim Chi Yin and Bhagyashree Garekar., “China Says it will Not Dump U.S. Dollar Assets—Central Bank Official Says they are Important Component of Nation's Forex Reserves,” *The Straits Times*, 13 August 2007.

profitable.” As such, the scholar continued, China should take its money elsewhere in an effort to “accelerate” the country’s rise.¹⁰⁵

According to a September 2007 article in *The Wall Street Journal* on China Investment Corporation, the “fund’s mandate has been the subject of contention among Chinese officials.”¹⁰⁶ According to the *Journal*, “many involved in [CIC] planning favor passive investments, by turning money over to professional money managers, with the single goal of improving returns on China’s \$1.53 trillion foreign exchange reserves....Other officials are viewing [the CIC] as a more strategic vehicle, such as to back Chinese state-owned companies as they invest overseas.”¹⁰⁷

Beijing is well aware of international concerns about the China Investment Corporation’s ultimate intentions, and has taken steps to manage perceptions and reassure skeptics. CIC Chairman Lou Jiwei stated on the day CIC formally opened for business in 2007 that CIC’s focus would be on the bottom line and that its goals were economic and not political. In an 8 November 2007 presentation for the International Finance Forum, Chinese Vice Minister of Finance Li Yong told his audience, “the CIC will make things more transparent, and learn best practices from other sovereign wealth funds.”¹⁰⁸ During a September 2007 Federal Reserve Bank of San Francisco seminar, CIC Executive Vice President Jesse Wang stated that “we tried to send a message to the markets and to the regulators that we have no desire to participate in Blackstone’s management or have control. But we got feedback that people still worried about our motive.”¹⁰⁹

From a perception management perspective, the Chinese are both aware of concerns about how Chinese sovereign wealth fund might be employed to coerce the West, and engaged in an effort to reassure Western audiences and policymakers at the highest levels that CIC is just another wealth fund. A Congressional Research Service study in January 2008 raised by implication the potential for strategic deception. In its report, it stated that “from a macroeconomic perspective, it is unclear how the CIC will affect global financial markets. From a microeconomic perspective, the critical issue will be the types of investments the CIC makes....Implicit in the creation of the CIC is a shift in China’s overseas portfolio away from US Treasury debt into other assets,” a move that could place upward pressure on US interest rates.¹¹⁰

The Congressional Research Service sketched out four reasons the Chinese fund might merit Congressional attention:

- Concerns that the CIC’s investment activities might have adverse effects on certain financial markets and possibly the US economy

¹⁰⁵ Song Guoyo, “Sovereign Wealth Funds Gaining Popularity,” *Shanghai Dongfang Zhabao*, 12 July 2007.

¹⁰⁶ Carew, Rick, “China Set to Kick Off Fund,” *The Wall Street Journal*, 28 September 2007,.

¹⁰⁷ Ibid.

¹⁰⁸ *Xinhua*, “China Investment Corporation Unveils Investment Plan,” 8 November 2007.

¹⁰⁹ Henny Sender, et al., “As Oil Hits High, Mideast Buyers Go on A Spree,” *The Wall Street Journal*, 21 September 2007.

¹¹⁰ Michael Martin “China’s Sovereign Wealth Fund,” *Congressional Research Service*. 22 January 2008, 16-18.

- The possibility that CIC’s creation might signal China’s intention to diversify its foreign exchange holdings away from US Treasury securities
- National security concerns raised by specific CIC acquisitions
- The potential for Beijing to use the CIC as a means of pursuing “geopolitical” objectives.¹¹¹

Case 4: China’s Maritime Aspirations

China has two sets of issues related to the East and South China Seas—one economic and one military—and it uses similar perception management tactics with both. With regard to the first set of issues, China’s continued economic growth requires access to resources and markets. Assuring unrestricted access to natural resources is one of the driving factors behind China’s global diplomatic in the last part of the twentieth century. On the diplomatic front China has taken a hard line on disputed territories in the East and South China Seas and on defining its Exclusive Economic Zone, which it has coupled with significant investment in a modern navy. To buttress its claims and to deflect concerns in the region about its military modernization activities, Beijing has engaged in a program of perception management. With respect to the Senkaku (Diaoyutai) Islands, China has insisted that Japan’s occupation is the product of an unequal treaty and that the islands should have been returned to Chinese sovereignty at the end of World War II. With regard to the Spratly Islands China has asserted and documented a historic claim dating to the seventh century.

There are political and military reasons why China would desire to exercise undisputed sovereignty over both island sets, but the economic benefits of sole possession may outweigh other motives. There may be significant oil and gas reserves around both the Senkaku Islands and the Spratlys. Even absent significant, exploitable gas and oil deposits, undisputed possession of both groups would greatly expand China’s Exclusive Economic Zone under the United Nations Convention on the Law of the Seas (UNCLOS). This convention establishes a 200 kilometer Exclusive Economic Zone stretching from the signatory’s coastline in which a country has the exclusive right to regulate economic activity.¹¹² In cases in which there are fewer than 400 kilometers separating two countries’ EEZs—which is the case for Japan and China—the Convention states that the centerline between both countries’ EEZs is the delineation. This would put the gas rich waters around the Senkaku Islands under Japan’s jurisdiction. China counters this by citing provisions in the convention that state that a country’s EEZ can extend to the edge of its continental shelf not to exceed a total of 350 kilometers,¹¹³ and that its continental shelf does extend into these waters. China’s claimed EEZ would all but deprive Japan of an EEZ.

¹¹¹ Ibid, 1.

¹¹² “UN Convention on the Law of the Sea”. *Conventions and Agreements*. 10 December 1982. http://www.un.org/Depts/los/convention_agreements/texts/unclos/UNCLOS-TOC.htm

¹¹³ Ibid.

China has used different themes—tailoring its public message—in its efforts to shape international perceptions regarding the competing claims to both island sets. With Japan, Beijing paints the Japanese claims as the work of right wing groups within Japan. It alleges an illicit encouragement of these groups by the Japanese government. And, it repeatedly brings up Japan’s historic imperialism. These themes not only resonate with the Chinese population, but are designed to invoke memories throughout Asia of Japanese aggression in World War II. With the Spratlys where the claimants are more numerous and do not carry Japan’s historical baggage, Beijing has based its claim on archeology and historical documents and struck a posture of diplomatic reasonableness. It has also offered to resolve the Spratly dispute peacefully by signing an agreement with all claimants. At the same time, it has also pursued bilateral engagements, such as the one with the Philippines¹¹⁴ where it can exploit its size to establish precedents that it can then use this as a starting point for negotiations with other countries. Diplomatic reasonableness is also mixed with diplomatic muscle. In 2007 Beijing blocked Vietnam’s efforts to develop with British Petroleum a portion of its claimed EEZ that falls into the disputed area.¹¹⁵,

China has employed a similar approach in efforts to manage international perceptions regarding its naval activities in the East and South China Seas. The U.S. has conducted air and naval reconnaissance and surveys throughout the area China claims as its EEZ since the end of World War II and the establishment of the People’s Republic in 1949. These missions are conducted in accordance with international treaties and norms, provide worthwhile information, and are a symbol of the US commitment to the region.¹¹⁶

From the Chinese perspective, these missions are implicit threats and an attempt by a great power to bully China.¹¹⁷ On occasion Beijing has responded with aggressive military activity in the vicinity of US ships and aircraft, which has led to incidents,¹¹⁸ and by perception management aimed at portraying US activities as violations of international law and the resulting incidents as products of aggressive and bullying behavior by the United States.

Three themes run through Beijing’s public statements. The Chinese routinely use the term “spy ship” or “spy plane” in describing legitimate US naval activities. They also assert that the US military presence in Chinese waters is illegal based on Beijing’s

¹¹⁴ “Manila’s Bungle in the South China Sea”. *Far East Economic Review*. Jan/Feb 2008. http://www.viet-studies.info/kinhte/Manila_South_China_Sea.htm

¹¹⁵ Ibid.

¹¹⁶ Peter A. Dutton, “Statement of Mr. Peter Dutton Associate Professor U.S. Naval War College, Before the United States – China Economic and Security Review Commission,” U.S. China Security Review Commission Testimony, 11 June 2009. http://www.uscc.gov/hearings/2009hearings/written_testimonies/09_06_11_wrts/09_06_11_dutton_statement.php

¹¹⁷ “China Urges U.S. to Phase Out EEZ Surveillance”. *Janes Defense Weekly*, 3 September 2009. http://www.janes.com/news/defense/naval/jni/jni090903_1_n.shtml

¹¹⁸ The accidental collision of a US EP-3 electronic reconnaissance aircraft and a Chinese F-8 interceptor in 2000 is the best known of these incidents but others have included Chinese flyovers of US naval ships and interference of survey ships by Chinese fishing vessels.

contention that the UNCLOS distinguishes between the EEZs and the high seas and requires that sovereign combatants must request permission to enter an EEZ and state the activities to be undertaken.¹¹⁹ China also argues that US Navy survey ships are not in engaged in protected military activities, but instead are carrying out commercial activity governed by the rules of the EEZ. The third theme is similar to the one Beijing uses with Tokyo on the Senkaku dispute; the US, according to Beijing, is engaged in heavy-handed and arrogant activity to create the impression of a China threat to justify its own military presence and expenditures.

A Case for Further Study: China's ASAT Test

China's ASAT test in January 2007 poses another opportunity to examine the possibility of Chinese perception management and strategic deception. The test raised questions about Chinese intentions in space, since Beijing had only recently emphasized in its 2004 defense white paper, for example, that it hopes "the international community would take action as soon as possible to conclude an international legal instrument on preventing the weaponization of and arms race in outer space through negotiations, to ensure the peaceful use of outer space."¹²⁰ China's official statements at this time concerning the weaponization of space, however, did not fully match those of other, less prominent voices within the Chinese defense community. In the same time frame as the 2004 white paper, two researchers writing in a Chinese technical journal examined recent wartime experience—specifically, US combat actions in the Gulf War and Kosovo War—and concluded that military satellites and space-based actions were increasingly important for success on the modern battlefield.¹²¹ "The impact of space technology on traditional information warfare [or] space countermeasures and space information warfare" necessitates systematic study and analysis of military satellite use, they wrote. Space information countermeasures were a part of this developmental trend, the Chinese researchers added, to include "the use of high energy and kinetic energy weapons to blind or destroy the reconnaissance satellite." By implication, the authors' admonition for study and analysis of space's role in warfare applies to the PLA's warfighting style and not just to that of the US Armed Forces or other space powers (e.g., Russia). Officially, however, Beijing continued to push its line of being against the weaponization of space, and championed international legal efforts towards this end.

China's next defense white paper in 2006, however, avoids specific mention of using "legal instruments" to constrain the weaponization of space. The 2006 white paper simply reports that China is pursuing "major scientific and technological projects, such as manned space flights and the Lunar Probe Project." The white paper adds how such endeavors seek to "spur the leapfrogging development of high-tech enterprises, combining military and civilian needs, and to bring about overall improvements in

¹¹⁹ Ibid. See also John Pike, "South China Sea," in *South China Sea*. 12 April 2009. Globalsecurity.org. <http://www.globalsecurity.org/military/world/war/south-china-sea.htm>

¹²⁰ "China's National Defense in 2004," *Xinhua*, 27 December 2004. OSD Document ID: CPP20041227000034.

¹²¹ Que Wenyang and Yang Bo, "Radar Countermeasure Techniques Against Satellite Reconnaissance," *Xiandai Leida* 01 Feb 2004. OSC Document ID: CPP20041202000209.

defense-related science and technology.”¹²² Space applications for the PLA possibly number among the unknown improvements in China’s defense-related S&T, although the white paper is silent on this issue. Thus, in 2006, the Party used the white paper to communicate the message that China was in fact pursuing defense-related applications for space, while simultaneously affirming its peaceful orientation.

The subsequent China defense white paper in 2008, almost two years after the ASAT test, resurrected and reinforced the earlier Party line. In the current version of the white paper, there is a greater emphasis on the need for international involvement to prevent the weaponization of space and on China’s unswerving support for this approach.

The Chinese government has all along advocated the peaceful use of outer space, and opposed the introduction of weapons and an arms race in outer space. The existing international legal instruments concerning outer space are not sufficient to effectively prevent the spread of weapons to outer space. The international community should negotiate and conclude a new international legal instrument to close the loopholes in the existing legal system concerning outer space.¹²³

The trend of high tech warfare increasingly involves space, Chinese defense authors routinely opine, and Chinese defense S&T is therefore compelled to undertake research in this area, lest the PLA be unprepared for future conflict and undermine national security. The storyline the Party communicates in its “transparent” white papers is similar, but with an added twist. This official narrative faults the international community for failing to use legal measures to constrain the spread of warfare into space, although the target of these legal measures is, by implication, selective. The United States is the main target of such legal measures, the Party proposes, since the US military is the technological and conceptual leader for extending the spatial boundaries of combat into space. US hegemonistic policies also contribute to this situation, leaving China with an objective requirement to respond. This is happening despite China’s “long advocacy” for the peaceful use of space, such as its lunar program, and its consistent opposition to weaponizing space, the Party publicly insists.

How might China’s ASAT test fit into this perception management effort, in which the US (and the international community) is to blame for the spread of warfare to space? The Chinese may desire a weapons-free space domain, but they portray the U.S. as driving the space race and the Chinese test as an unavoidable response they are driven to make. Meanwhile, the peace-loving Chinese continue their emphasis on a non-military space program. Using the ASAT test as a strategic demonstration, which is a function of strategic deception, is another possible answer. Strategic demonstration, in the Chinese lexicon, is an activity designed to deceive and mislead an opponent and thereby conceal

¹²² “China’s National Defense in 2006,” *Xinhua* in English, 29 December 2006. OSD Document ID: CPP20061229968070.

¹²³ Section XIV, “Arms Control and Disarmament,” in *China’s National Defense in 2008*. http://www.gov.cn/english/official/2009-01/20/content_1210227_16.htm.

the deceiving nation's strategic intention.¹²⁴ An act of strategic demonstration usually occurs at the start of a war, but it can also take place during a time of strategic transformation in the capabilities or intentions of a nation. The goal of strategic demonstration is to allow or cause an opponent to make mistakes in his assessment of the strategic circumstances and in his strategic decision making. *Using the real with the false* is one cited example of employing stratagem for a strategic demonstration.¹²⁵ An estimated application of this stratagem suggests that a *real* demonstration of China's ASAT capability could be intended to send a *false* message about China's actual posture towards satellite use for the military and broader national security purposes, or about the pace of China's procurement program for space systems. A strategic demonstration based on the ASAT test and stratagem raises at least two other comments about possible Beijing deception intentions: (1) the Chinese do not have the space capabilities they desire, and the ASAT test, combined with calls for international action, serves as a deterrent against other space powers, principally the United States; (2) the Chinese are actively pursuing military space capabilities and they are trying to slow down the United States while they continue to advance.

The shift in China's white paper narrative on the development of space-based defense capabilities highlights this concluding thought: What the Party says is not always what the Party does. The short time since China's ASAT test and limited access to information are just two barriers to discern the existence of an actual strategic deception program and its objectives. Instill greater uncertainty in opponents' plans for satellite use in wartime? Misdirect research and development in other nations' current space-oriented acquisition efforts? Buy time for China to develop its own space program? Deter other countries from developing an independent space program? If China's ASAT test is in fact part of a Beijing-led strategic deception campaign, then these are just a sampling of questions for the United States to consider in light of Chinese statements and actions. "Future geopolitical interests lie in space," the state-run media *Xinhua* heralds in a comment on its space program and national security.¹²⁶ In a real sense, the PRC news agency proclaims, "China cannot fall behind in this [space] competition but must surpass and take the initiative."¹²⁷ In response, it is crucial to ask how China defines the competition in space, whether China is using strategic deception to conceal a plan to win this competition, and what it implies for US interests if China in fact seizes the initiative.

Section 4: Summary

Strategic deception, stratagem and perception management provide the Chinese Communist Party a set of tools to engage its regional neighbors and global powers, especially the United States. This engagement concerns the basic national objectives of

¹²⁴ Yu Zemin, "Strategic Demonstration" {*zhanlue yangdong*}. *Chinese Military Encyclopedia*, Song Shilun and Xiao Ke, eds. Vol. 3 of 11. (Beijing: Military Science Publishing House, 1997), 730.

¹²⁵ *Ibid.*

¹²⁶ *Xinhua*, 24 April 2008.

¹²⁷ *Ibid.*

survival, economic development and international influence during China's current period of modernization. For the Chinese, deception is a historical and cultural phenomenon with enduring relevance. Lessons from ancient and modern military affairs continue to inform contemporary Chinese thought on deception, and national defense issues continue to draw significant attention from Chinese defense and national security experts who address deception and related topics. It is important to emphasize that the Chinese deception thought, and its tripartite structure as laid out in this paper, permeates all manner of Chinese social interaction, from personal relationships among diplomats, warfare between opposing commanders, to political exchanges among international powers.

In the Chinese perspective, strategic deception, stratagem and perception management target the human intellect, seeking to exploit psychological predispositions and influence foreign analysis and decision making, whether these activities occur on the high-tech battlefield, in intelligence agencies or at the highest levels of government. Shaping or manipulating these elite perceptions can provide China a competitive advantage in the struggle among global powers to further their objectives. This advantage is especially significant when China believes the current theme in international relations is a struggle between the forces of unilateralism, championed by the U.S., versus multilateralism, championed by the PRC. In this struggle, the Chinese believe the U.S. is far stronger in the material realm and so confrontation is not a viable course of action for China.

China's cultural legacy and historical precedent complement basic human nature as additional evidence to validate the PRC's use of strategic deception and perception management in its interactions. China does not apply these tools as its sole *modus operandi* to achieve its peacetime or wartime goals. Chinese deception practices by necessity are complemented by a robust and ongoing intelligence effort. This effort employs a wide range of means and methods, but with a common target: an opponent's thought process that informs his analysis of the international environment and his strategic decisions. If China can discern its competitor's thought process through intelligence and guide it through deception and perception management, then it stands to reap substantial benefits as it pursues its own goals on domestic and international fronts. As Sun Tzu exhorted, to know the enemy and know one's self is the precondition to winning the hundred battles.

This paper and the above case studies support these conclusions. The paper does not provide, however, any direct evidence of an explicit Chinese deception program targeting the United States or any other country. To draw such a conclusion requires many different types of evidence, multiple areas of expertise and cooperation among U.S. and, possibly, foreign government organizations. Much of this evidence, moreover, is not publicly available. Instead, this paper provides two other conclusions. First, Chinese perception management is a common practice. In certain aspects, it reflects the behavior of most nations as they seek to project and protect their interests, usually in competition with other nations' interests. Second, Chinese strategic deception is also an important practice, but likely with more constraints than perception management. That is, strategic deception is planned, executed and regulated with greater control, more secrecy

and less frequency. This paper also offers no explicit evidence that Chinese strategic deception is programmatic, but indicates it is organic to the development and execution of Chinese strategies. The potential pay off for successful Chinese strategic deception is likely high, since it aims at high levels of foreign organizations and personalities.

A complementary observation to the first two underscores the role of stratagem in Chinese deception and perception management. Stratagem is an innate aspect of Chinese strategic thinking. The belief among Chinese strategists that stratagem represents a basic, material aspect of the world adds greater weight to its probability of use in Chinese activities that target actual or potential opponents. The Chinese practice of stratagem is not tied to deception per se, but to the so-called logic of deception. This Chinese conceptualization indicates a high degree of intellectual flexibility, innovation and scheming, structured within a cultural framework that is perceived to be inscrutable to the foreign observer, analyst, and decisionmaker. In short, a Chinese stratagem way of thinking represents a different epistemology than practiced in the West, and this difference presents a major challenge to the US government when dealing with its Chinese counterpart.

What to do about it?

It is difficult to develop a set of recommendations for a decentralized and democratic government to compete with a Leninist party system on message control. The structure and imperatives of the two systems are divergent. Trying to compete with the Chinese Communist Party in a field that they are structurally and instinctively adapted to excel in does not seem to be an attractive or effective strategy. Instead, it is better to understand how the Chinese government does business and pragmatically engage with it while maintaining a healthy skepticism.

A two-track approach to confront Chinese deception and perception management is an important recommendation this paper proposes for the US government. The first component concerns educating US interlocutors. US representatives should have information about Chinese strategic deception and perception management at their disposal. This can be accomplished through a series of programs.

The following comments provide initial considerations for such programs.

- Develop and maintain a corpus of short US government primers for US interlocutors and decision makers on Chinese negotiating tactics and understood policy objectives. This should be required reading for any soldier, diplomat, or official that will be conducting long-term and ongoing interaction with the Chinese government.
- Develop and teach a more in-depth basic course to help make US officials and analysts aware of Chinese deception attitudes and practices. Training courses would be designed to be academic and avoid a bias that perceives all Chinese actions as deception or perception management, in addition to related concerns.

- Initiate intense training for small, multi-disciplinary groups of specialists hand selected and tasked to work for extended periods of time on specific deception activities, whether uncovered or suspected, with access to multiple resources to assist them in their research. These groups would combine personnel from different government entities and enjoy a significant degree of intellectual freedom in their work.
- Establish a long-term program outside the government via seed money, dedicated to understanding Chinese strategic deception, stratagem, and perception management. This effort would address multiple facets of deception but focus on prominent themes, such as military and national security applications. The results of this program support the first three considerations.
- Ensure US senior leaders are adequately briefed prior to engaging their Chinese counterparts. Briefings of this type provide key insights from the above mentioned primers. For some in the government, the US relationship with China is one of many problems “to solve.” The Chinese understand this and give a warm reception to US officials while providing few concrete compromises. US leadership must understand the long-term, enduring, and competitive nature of the relationship the Chinese perceive themselves to be in with the United States. This relationship does not have an absolute winner and an absolute loser. Instead, China seeks to methodically shift power relationships within the international system to their favor and at US expense.
- The US government could direct some agency or department such as the intelligence community or the State Department to develop a report on China’s deception and perception management activities as well as its understood foreign policy objectives. This report serves a similar purpose as the annual *China Military Power Report*. It articulates in the public sphere the US understanding of China’s objectives and methods and serves a dual purpose: (1) enhance public understanding of Chinese deception attitudes and practices; (2) provide the academic community materials they do not normally have access to for teaching and research.

The second part of this two-track program is to develop a better means of communicating a coherent set of US positions that can compete with the Chinese “message.” An official US communication strategy should not ignore China’s messaging and deception logic, but address them. Accomplishing this is difficult; positions change with administrations and congressional pressure. That being said, the creation of a strategy and system to effectively communicate the evolving US position is a step forward. The current approach of multiple spokespersons for the various executive departments and congressional announcements fails to communicate a unified and coherent vision. As it stands now, the United States is effectively ceding the public stage to the Chinese.

Robust deception and perception management may not be the West’s historical legacy, but it is our nation’s present and future challenge in dealing with China. The US government should not interpret these Chinese tools as particularly sinister, but rather as a fact of life for this large and emerging foreign power. US officials must equip

themselves with knowledge and understanding to develop an acceptable modus vivendi with China. The government and people of the United States do not want to find themselves in a situation where Beijing's perception becomes their reality.

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