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# Policy Brief

## S U M M A R Y

Over the past decade China has downplayed its hard power in Southeast Asia, instead creating a strategy to build its soft power. For the first time in post-WWII history, the United States may be facing a situation in which another country's appeal outstrips its own in an important region, a change sure to shock the United States. Before China's appeal spreads to other parts of the developing world, U.S. policy makers need to understand how China exerts soft power, if China's soft power could be dangerous to developing nations, and whether elements of China's charm could threaten U.S. interests. ■

## China's Charm: Implications of Chinese Soft Power

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After coming to office in 2001, former Thai Prime Minister Thaksin Shinawatra paid a visit to the nation he viewed increasingly as most important for Thailand's relations. Not the United States, though Thailand had long been a U.S. ally. Thaksin arrived in Beijing before continuing on to the area of Guangdong his ancestors once left for Thailand. The prime minister's visit befuddled Guangdong orange farmers, who hardly remembered Thaksin's relatives, but they played along, staging a lion dance. Returning to Thailand, Thaksin touted his ability to bridge relations between Bangkok and Beijing, ultimately pushing the two nations toward a comprehensive economic and strategic partnership.

Thaksin's actions were remarkable. For decades Thailand's policy making had been based partly on fears of China, and Sino-Thais rarely became involved in politics. Yet Thaksin was only reflecting public sentiment: polls showed that more than 70 percent of Thais now considered China Thailand's most important external influence. Thailand is hardly unique. Since 1997, perceptions of China in Southeast Asia have shifted significantly; many elites and publics now see China as potentially the preeminent regional power.

The transformation of China's image and influence is due to a range of factors. China has benefited from missteps by the United States, including its slow reaction to the Asian financial crisis and post-9/11 counterterrorism myopia. But the transformation is also due to a growth in China's soft power—China's ability to influence by persuasion rather than coercion. This attractiveness can be conveyed through various means, including culture, diplomacy, participation in multinational organizations, businesses' actions abroad, and the gravitational pull of a nation's economic strength. When Joseph Nye coined the term *soft power*, he originally used a more limited definition, excluding investment and aid and formal diplomacy—more traditional, harder forms of influence. In the context of Asia today, both China and its neighbors enunciate a broader idea of soft power, the idea that soft power implies all elements outside of the security realm, including investment and aid. Because the idea of soft power has been broadened in the Asian context, I, too, examine soft power in this broader manner.

Soft power can be "high," targeted at elites, or "low," targeted at the broader public. And though soft power stems from both governments and nongovernmental actors, one



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can identify strategies and policy tools Beijing has consciously used to boost its soft power. These strategies and tools make it easier for Chinese actors, from language schools to businesspeople, to have an effect on the ground.

China's soft power may be only natural in Southeast Asia, its nearest neighborhood. As nations emerge into great powers, they inevitably exert growing influence. But the values and models China projects to Southeast Asia—and eventually to other developing nations—could be disastrous for a region of nascent democracies and weak civil societies. What's more, China appears to be using its soft power to incrementally push Japan, Taiwan, and even the United States out of regional influence.

### **A Bird's-Eye View of Chinese Influence**

Until the past decade, China exerted minimal soft power. Beijing still pursued a defensive foreign policy, and the Chinese public lacked confidence that Beijing could project power. A poll taken by the research organization Horizon Group in 1995 asked Chinese citizens their views of the “most prominent countries in the world”; one-third ranked the United States most prominent, and only 13 percent chose China. China's limited engagement with Southeast Asia foundered on Beijing's efforts to use force to become a regional player, such as by claiming parts of the South China Sea, which only heightened Southeast Asian nations' fears of China.

The year 1997 provides a convenient date to mark China's soft power emergence. Beijing refused to devalue its currency during the financial crisis, portraying its decision as standing up for Asia. After the crisis, Association of Southeast Asian Nations (ASEAN) Secretary General Rodolfo Severino announced, “China is really emerging from this smelling good.” With Southeast Asian opinions of Washington falling, and with Taiwan's 1990s investment push into Southeast Asia faltering, a window was open for Chinese soft power.

At roughly the same time, the Chinese leadership seems to have made a decision that its hard power was still limited. Even as they saw that China could not match America's military might, scholars like Wang Jisi of the Chinese Academy of Social Sciences noted that as post-Cold War America retreated from the world, the United States' long-term weakness could be its soft power, not its hard power. Average Chinese, too, were becoming more confident in their nation's place in the world, creating domestic pressure for regional engagement. In 2003 the Horizon Group polled Chinese citizens again. This time, nearly 40 percent picked China as “the most prominent country in the world.”

Since 1997, then, it is possible to identify Chinese soft power strategies. First, Beijing enunciates a doctrine of “win-win” relations. China implicitly contrasts its “win-win” philosophy with that of the United States, which Beijing portrays as disrespectful of sovereignty and punitive toward Southeast Asia. By contrast, Chinese leaders emphasize that Beijing is willing to listen to other nations. China has backstopped this “win-win” rhetoric with real initiatives, signing Southeast Asia's Treaty of Amity and Cooperation—which the United States has not signed—and committing itself to creating a code of conduct on the South China Sea. Meanwhile the United States maintains more sanctions on Southeast Asia than on any other region, and Washington's focus on counterterrorism has alienated some Southeast Asian states. This idea of Chinese noninterference also coincides with an era when, at least since the mid-1990s, interventionists on both the left and the right have become more influential in U.S. foreign policy making.

China's strategy has other components. It includes focusing on nations whose bilateral relationships with the United States are faltering. This is noticeable in the Philippines or in Cambodia, where Beijing bolstered relations with Phnom Penh as Prime Minister Hun Sen's relationship with Washington deteriorated. (This strategy extends outside of Southeast Asia to Sudan, Venezuela, or

Uzbekistan.) And even as Chinese leaders suggest that China will not interfere in internal affairs, they portray China as a potential ideal for the developing world, a nation that controls development from the top. In places like Indonesia, still suffering the socioeconomic effects of a financial crisis blamed partly on a too-open economy, the success of China's developmental model holds significant appeal.

### Policy Tools

China has used several policy tools to increase its soft power in Southeast Asia. According to a 2006 study by Henry Yep of National Defense University, in 2003, China's aid to the Philippines was roughly four times greater than U.S. aid, China's aid to Laos was roughly three times greater than U.S. aid. In 2002, China's aid to Indonesia was roughly double U.S. aid.

Chinese aid has not only grown in size but also become more sophisticated. In the past many scholars associated China's aid with large "white elephant" projects, like Vientiane, Laos' monstrous friendship hall. Since the late 1990s, though, Beijing has better tied assistance to discrete policy goals, including promoting Chinese companies, cultivating political actors, and mitigating concerns about China's economic rise. In Thailand, Chinese assistance has been used to bring Thai politicians to study trips in China, an example of high soft power. Beijing has also purchased surplus Thai agricultural products to conciliate Thai farmers worried about the effect of trade with China—low soft power.

Beijing advertises its aid policies effectively through constant visits by Chinese officials. A comparison of visits by top Chinese and U.S. officials to Thailand and Cambodia in 2004 and 2005 reveals that senior Chinese officials made at least twice as many visits to Bangkok and Phnom Penh.

The advertisement of its aid is part of more sophisticated Chinese public diplomacy, another kind of low soft power. After the end of the Cold War, the United States slashed its budget for public diplomacy. By

contrast, China increased its public diplomacy budget and crafted a more nuanced strategy reinforcing the concept of peaceful development through efforts like organizing museum exhibits to celebrate the 600th anniversary of the voyages of Zheng He, a Chinese admiral who sailed across Asia, the Middle East, and Africa, never conquering other nations. Beijing also has been establishing Confucius Institutes—Chinese language schools at leading Southeast Asian universities—expanding CCTV's international broadcasting, and increasing the provision of Chinese language teachers to the region.

## Beijing eventually may want to shift influence in Southeast Asia away from Washington.

In the past decade Beijing also has rebuilt relations with Southeast Asian ethnic Chinese organizations, and, in nations like Cambodia, a feeder system has been created in which Cambodian students attend Chinese-language schools that receive assistance from mainland Chinese sources. Students who do well can obtain scholarships to continue their studies in China. The United States has unwittingly aided China's higher education outreach by tightening student visa policies. In 2004, according to Georgetown's Southeast Asia Survey, the number of Indonesians getting visas for study in China was double the number obtaining visas to study in the United States.

China's embrace of free trade, and promotion of the idea that it will become a source of foreign direct investment (FDI), also bolsters its image. In addition to a free-trade agreement with Southeast Asia, Beijing is negotiating closer economic partnerships with individual Southeast Asian states, and, by the end of 2006, Southeast Asia's total trade with China probably will eclipse its trade with the United States or Japan. Although China is not yet a significant foreign investor, its FDI is growing faster

than many experts predicted; China became the largest source of FDI in Cambodia in 2004. Finally, Chinese outmigration is transforming the demographic makeup of northern Southeast Asia, from northern Burma to northern Vietnam, where recent Chinese migrants now dominate business and society.

### **Success?**

To understand whether China's soft power strategy has been successful, it is necessary to examine China's goals in Southeast Asia. Because these goals are intertwined with harder, security-related goals, it is impossible to completely disentangle the two. One of

In the worst case, Chinese success in delivering economic growth while retaining political control could serve as an example to authoritarian-minded leaders.

China's primary goal is simply to maintain peace on its periphery. Peace allows China's economy to grow and provides opportunities for Chinese companies looking for outlets. Beijing also may wish to gain bases along Southeast Asia's sea lanes, dominate Asia's inland waterways, and ultimately, gain control of the South China Sea. Beijing also wants to reduce Taiwan and Japan's influence in Southeast Asia, pushing them out of regional diplomacy; since 1994, Beijing has pursued a policy it calls "us[ing] all economic and diplomatic resources to reward countries that are willing to isolate Taiwan." This extends beyond pushing nations to adhere to the "One China" policy and includes trying to keep Taiwanese officials from participating in nongovernmental regional forums, punishing Asian businesses for links to Taiwan, and keeping Asian nations from supporting any Japanese regional initiatives.

Finally, Beijing may want to shift influence in Southeast Asia away from Washington. Like

a young United States once did in North America, China could do in its own region—implement a Chinese Monroe Doctrine for Southeast Asia, in which countries in the region subordinate their interests to China's and no longer reflexively look to the United States for regional solutions.

Beijing has had success. It is almost impossible now to find Southeast Asian leaders publicly questioning China's rise, a sharp contrast from only five years ago. Southeast Asian leaders take pains to downplay negative effects of trade with China, although China's exports overlap by more than 50 percent with exports from nations like Malaysia. Chinese businesspeople, cultural elites, and policy makers are given the type of access in Southeast Asia once reserved for U.S. elites.

The Southeast Asian public seems to share this warmth. A study of Malaysian businesspeople found that, "in spite of the purported threats of free trade from China, the majority of the private sector respondents views China positively." An analysis of the Southeast Asian media reveals that whereas a decade ago newspapers frequently criticized China's economic and security policies, today such coverage is rare. Chinese language and cultural studies have skyrocketed in popularity. By 2008, China's universities reportedly will enroll over 120,000 foreign students, as compared to some 8,000 twenty years ago.

Another way to measure China's growing soft power is by looking at the position of ethnic Chinese in Southeast Asia, which has been radically transformed. While Southeast Asian Chinese once avoided politics, Thaksin and other politicians now avow their Chinese heritage.

Ultimately the measure of influence is whether other nations can be persuaded to do things they otherwise might not choose to do. At a high level, soft power boosts Beijing's influence over leaders in less democratic nations. At a lower level, Beijing's soft power allows democratically elected leaders in places like the Philippines to move closer to China, since public sentiment supports warming relations. Measured this way China's influ-

ence has increased. Southeast Asian diplomats say that decisions at regional meetings now are delayed as member nations quietly analyze Beijing's potential reactions. Although many Southeast Asian nations desire a continued role in the region for Taiwan and Japan, Beijing has succeeded in pushing Taiwan out of regional politics and increasingly marginalizing Japan, which roused limited regional support in its drive for a permanent UN Security Council seat.

### What Does It All Mean?

China's rising soft power could prove benign or even beneficial in some respects. Why should Washington mind if Beijing organizes summits of ethnic Chinese or promotes Chinese language? And as it emerges into great power status, China has used its appeal to influence Southeast Asia to take steps Washington desires. The ASEAN-China free trade agreement, possible only because of the appeal of China as an economic model, has forced Southeast Asia leaders to think of the region as one economic bloc, an idea U.S. companies prefer. China has proven influential on nontraditional security issues, working with its neighbors to address trafficking in drugs and people.

But in some ways China's soft power could prove disastrous for Southeast Asia—for democratization, for anticorruption initiatives, and for good governance. China has already begun to export its own poor labor, political, and environmental policies. In northern Burma, Chinese government-linked companies contribute to widespread deforestation, and China has shown little interest in Southeast Asian nations' concerns about the environmental impact of dams on China's upper portion of the Mekong River. Instead China has refused to join the Mekong River Commission, the organization monitoring the river.

Meanwhile China's support for authoritarian regimes in Cambodia and Burma forestalls democratization or at least better governance in those nations. In Cambodia opposition politicians complain of Chinese

support for the ruling party, and journalists report that when they write about subjects displeasing to China—like Taiwan—the embassy harasses them. In Burma China's aid packages and frequent state visits have undermined U.S. and Southeast Asian efforts to push the ruling junta into a dialogue with the democratic opposition; instead, China's actions have encouraged other powers, like India, to move closer to Rangoon. In the Philippines, where international watchdogs have long highlighted government corruption, China has offered some \$400 million in aid to a major infrastructure project, the Northrail rail line. Local activists warn that the Chinese aid was provided with no transparency in bidding and with no significant environmental impact assessment.

In the worst possible case, China's success in delivering strong economic growth while retaining political control could serve as an example to some of the more authoritarian-minded leaders in the region, like Cambodia's Hun Sen, who admires China's economic and political system. In controlling development

### U.S. Sanctions: Good or Bad Idea?

Due to a strange combination of factors, the United States imposes tough sanctions on Southeast Asia. Some sanctions, like the prohibition on normal trade relations with Laos lifted only last year, stem from legacies of the Vietnam War, which created constituencies of Southeast Asian-Americans opposed to Indochinese governments. Other sanctions stem from human rights groups' focus on the region—Southeast Asian rights abusers like Burma can be sanctioned with few costs to business. Still others stem from Christian groups' advocacy.

If the United States is to rebuild its appeal, it will have to reconsider sanctions. In some cases, like Indonesia, political change has made restrictions on military-military links less relevant. In Vietnam, a nation skeptical about the effect of China's influence on Southeast Asia, the United States should reconsider some of its pressure on religious freedom issues. In other cases, like Burma, the political situation is actually deteriorating, and maintaining sanctions remains correct policy.

from the top, of course, Beijing's model rejects the idea that ordinary citizens should control countries' destinies. And as China's power grows around the world, the influence it projects, as in Southeast Asia, could be similarly bad for a range of developing nations. As Elizabeth Economy of the Council on Foreign Relations has noted, the Chinese firm Shougang International Trade and Engineering reportedly has done little to upgrade safety at the Hierro de Peru mine it purchased in Peru in the early 1990s. Peru's Labor Ministry recorded 170 accidents, including two fatal ones, at the mine in one year alone. When labor unions in Peru protested, Beijing allowed Shougang to bring imported laborers from China to work at the mine. Similarly, in Africa Chinese assistance to authoritarian states like Zimbabwe and Angola has raised concerns. International corruption watchdogs warn that China's aid package to Angola, reportedly as large as \$6

billion and given without pressure for poverty reduction or coordination with international financial organizations, will allow the Angolan government to revert to its old habits, skimming the aid for itself.

Nonetheless, even if China's growing soft power might be negative for Southeast Asia, this does not mean the United States should always try to balance against Chinese soft power. For one, soft power is inherently difficult to define, which makes it hard to determine an exact U.S. policy response. In addition some of China's soft power may support U.S. interests in the region, and some negative consequences of Chinese soft power must be left to Southeast Asian nations to handle.

### **A Focused Foreign Policy**

Washington must instead set clear limits—for itself, for China, and for Southeast Asia—where it believes China's soft power possibly assists Chinese hard power objectives that threaten U.S. interests. These interests include Southeast Asian nations' territorial integrity, regional support for the United States in case of a conflict, control of sea lanes and waterways, formal alliances, and the promotion of democratization and good governance in this region.

A decline in Southeast Asian affinity for Taiwan and Japan would make it harder for the United States to mobilize support should a conflict arise over Taiwan and could lead to a decisive break in the United States' alliance with Thailand and close relations with the Philippines and Singapore. If Southeast Asian nations develop a habit of broadly succumbing to Chinese influence, U.S. influence could be curtailed on other contentious issues as well, such as U.S. force presence in Singapore. (What's more, as Taiwan becomes even less of a player in the region, average Taiwanese might feel so isolated that they'd have nothing more to lose by pursuing clearer statements of Taiwanese identity.) And if Beijing's influence undermines democratization, environmental protection, and good governance, this could

### **Declining American Soft Power**

America's popularity is plummeting around the world. Washington has made it harder for foreigners to obtain visas, undermining the idea of the United States as a land of opportunity. The United States' unrivaled global power has fostered resentment in some nations toward the United States. The George W. Bush administration's disavowal of multilateral institutions has damaged the U.S. moral legitimacy abroad. The failures of neoliberal economics, linked to Washington, in regions like Latin America have rebounded against the United States.

The results are stark. In a poll of twenty-one nations done by the British Broadcasting Corporation, only one-third of people wanted American values to spread in their nation, and, in another study, more than twice as many nations believed China has a mostly positive influence on the world as believed the United States does. Respect for U.S. values, culture, and companies is deteriorating, too: in a study last year of numerous nations, respondents ranked the United States only eleventh worldwide in cultural, political, and business attractiveness.

damage longstanding U.S. initiatives and bolster antidemocratic leaders in the region, like Burma's Than Shwe and others the United States has tried to isolate.

Ultimately the United States should be concerned that Beijing may use its soft influence to push Asian nations to make a more explicit choice between external powers. After all it was only five years ago that many U.S. scholars dismissed the Shanghai Cooperation Organization as a talk shop, insisting China could not convert it into a challenge to U.S. influence in Central Asia. Within a short time, Beijing—with the support of Moscow—did just that.

To protect its core interests, the United States must focus its Southeast Asia policy. A focused policy would include obtaining a more nuanced understanding of how Beijing's soft power is growing. As during the Cold War, when Washington had at least one person in each embassy who studied what the Soviets were doing on the ground in that country, today the United States should have one person in each embassy examining that nation's bilateral relations with China. A focused policy would include rebuilding the United States' own soft power in the region, including expanding one-person consulates to allow missions in large nations like Indonesia to cover their vast territory; rethinking U.S. sanctions on Southeast Asia (see box on page 5); revamping the Foreign Service so that regionalists and language specialists are better rewarded for their skills; reconsidering cutting regional broadcasting like Voice of America's Thai service; rethinking stringent student visa policies; and copying Chinese-style blending of political trips and business delegations.

A focused policy also would include understanding when China's soft power is used in pursuit of objectives, including hard objectives, which threaten U.S. interests, and balancing against that soft power when necessary. If China's influence clearly undermines the region's democratization and good governance, the United States must act, publicly

exposing Beijing's links to autocratic governments and privately trying to convince China that support for Southeast Asian authoritarians imperils Beijing's own interest in long-term stability. If the appeal of trade with China is allowing Beijing to isolate Taiwan entirely from the region, the United States must use its appeal, and its authority on issues like health, to push countries to include Taiwan in forums on issues related to disease or the environment or trade. If China is using its appeal to build popular and elite support

## As during the Cold War, Washington should have one person in each embassy examining that nation's bilateral relations with China.

for closer military relationships with longtime friends of the United States like the Philippines, the United States must recognize this and commit to rebuilding relations with Manila to forestall China-Philippine military ties. And if China drops its rhetoric of "win-win" diplomacy and uses memberships in Southeast Asian multilateral institutions to try to exclude the United States, Washington must respond, as it has started to do with the recent U.S.-ASEAN Enhanced Partnership, an effort by the United States to re-engage with Asia's regional organizations. ■

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