



## Chapter 9

# Public Opinion, Nationalism and China's Cooperative International Behavior

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The publication of *China Can Say No* in 1996, the unintentional U.S. bombing of the Chinese embassy in Belgrade in 1999, and the collision of Chinese and American military aircraft near Hainan Island in 2001 fueled anti-American protests that spread throughout China. Likewise, large-scale demonstrations against Japan occurred in 2005 due to Japan's *New History Textbook* and the country's endeavors to gain a permanent seat on the United Nations Security Council. This series of events has been highlighted as a sign of a resurgence of nationalism in China.

Amid such a sudden rise in nationalism, China's approach to international cooperation, called "new diplomacy," is also gaining prominence. Particularly starting in the late 1990s, China has actively participated in international regimes, abided by international rules, and has gradually come to accept international norms.<sup>1</sup>

Numerous studies and explanations have already been made regarding the mechanisms that have caused this rise in Chinese nationalism. The theory that has gained the most traction in Japan and Western countries is that of "top-down nationalism," which is the result of patriotic education instilled by the state. In essence, this theory contends that patriotic education has the effect of producing nationalism that features exclusionist tendencies.<sup>2</sup> On the other hand, Professor Peter Hays Gries asserts that China's nationalism is an emotional kind of nationalism that focuses on the country's honor and is a mass movement from the bottom-up. Moreover, as part of its administrative reform process, China has employed the political leadership method of gaining feedback on public opinion not through elections but through petitions as a form of democratic centralism. The view that China's excessive reliance on this method, in addition to the method of allowing public opinion to be expressed on the Internet, is intensifying Chinese nationalism cannot be overlooked.<sup>3</sup>

Nationalism produced through the complex intertwining of various mechanisms exerts considerable influence on the diplomatic policies of the Chinese government. Much research indicates that while the Chinese government is using popular nationalism, it is also attempting to control this nationalism.<sup>4</sup> Furthermore, international relations scholar Simon Shen argues that Chinese nationalism is nothing more than official rhetoric from the Communist Party, and does not necessarily lead to the formation of nationalistic foreign policy.<sup>5</sup> Shen maintains that while China is indeed promoting nationalism, this nationalism is supported by China's current state of affairs, in which it adopts a policy of international cooperation overseas.

While touching upon the above-mentioned prior research, this chapter will consider trends in Chinese domestic public opinion concerning dam developments on the Salween and Mekong Rivers. This research also seeks to explore the mechanisms that cause nationalism to occur, as well as the characteristics of China's route of international cooperation amid the promotion of nationalism.

Though nationalism is manifested in many different forms, this paper will basically cite the definition given by the scholar of nationalism Anthony D. Smith. Smith defines nationalism as the "feelings, attitude or awareness citizens have in order to maintain their country's national power and national security."<sup>6</sup> Also, the term "international cooperation" is assumed to indicate an "approach where, in a situation where three or more countries confront each other on political issues, the countries take joint actions based on common ideas and rules, and management of the political issues is attempted."<sup>7</sup>

## DAM DEVELOPMENT ON THE SALWEEN AND MEKONG RIVERS AS INTERNATIONAL ISSUES

China is a country of dams. At present, approximately eighty-six thousand dams have been built in China, accounting for 50 percent of the total number of dams worldwide. In 2000, the China Western Development Strategy was officially adopted, and the East-West Electricity Transmission Project, through which electric power generated in the western part of China would be transported to the eastern coastal areas, became the strategy's core undertaking. Under such circumstances, dam development in the western part of China, which boasts steep drops in water level and abundant resources for hydraulic power, was increasingly accelerated.

Seizing the opportunity provided by the China Western Development Strategy, local governments and power companies also began actively promoting the construction of dams. Yunnan Province, which has lagged economically, experienced a dramatic decline in public financial revenue

after the introduction of the tax-sharing system reforms in 1994. Out of the province's 126 counties, cities, and districts, at present only 5 have achieved financial independence.<sup>8</sup> As a shortcut to financial reform and the advancement of economic growth for the province, Yunnan pinned its hopes on its water resources. Three major rivers—the Lancang (Mekong), the Jinsha, and the Nu (Salween)—flowed “uselessly” through Yunnan Province, and while these three rivers accounted for 23.8 percent of China's entire exploitable water power resources, their usage was at no more than 6 percent of capacity. Because builders of hydroelectric power stations are obligated to pay construction taxes to local governments from the beginning of construction, tax revenue can be expected if construction is started on a dam. Accordingly, Yunnan Province established an economic development strategy called “sending Yunnan electricity out,” under which electric power generated in Yunnan would be transmitted to other provinces and nations. Thus, Yunnan formed partnerships with dam developers and vigorously pressed forward in promoting dam construction as a major industry for the province. Power companies in Yunnan Province currently supply electricity to Guangdong Province, as well as Laos, Vietnam, and Myanmar. They have also built more than twenty hydroelectric power stations in Laos, Vietnam, and Myanmar, and have exported the equivalent of over US\$500 million worth of dam equipment to those three countries.<sup>9</sup>

The Mekong River (its Chinese portion referred to as the Lancang River) is an international river approximately 4,350 kilometers in length that flows through the six countries of China, Myanmar, Laos, Thailand, Cambodia, and Vietnam. Fifteen cascade hydroelectric power stations are planned for the Lancang, and out of these, eight downstream dams at Gongguoqiao, Xiaowan, Manwan, Dachaoshan, Nuozhadu, Jinghong, Ganlanba, and Mengsong are slated to be built first. The total power generation capacity from these stations is expected to exceed twenty million kilowatts by 2020.<sup>10</sup>

The Salween River (its Chinese portion referred to as the Nu River) is another international river, running about 2,410 kilometers in length and flowing through China, Myanmar, and Thailand. Strategies for electric power development along the Nu emerged in the late 1990s; however, feasibility studies for Nu River dams began in earnest only after the China Western Development Strategy was issued. Resulting from these studies, construction plans for thirteen cascade dams along the Nu River were announced in 2003.

Dam construction, which is seen as a necessary project for economic growth, is constantly at odds with public sentiment. In particular, it is easily conceivable that opposition to large-scale cascade dam construction on the upstream portions of international rivers such as the Salween and Mekong exists not only within China, but also among countries located in the lower reaches of these river basins. For instance, in 1993, the first dam along the

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main stream of the Lancang River, the Manwan hydroelectric power station, received criticism from overseas around the start of its construction. When plans for dam development along the Nu River were announced, there was also strong opposition from overseas NGOs. Meanwhile, two domestic Chinese criticisms regarding dam construction came to be widely covered by the media, and occurred roughly at the same point in time. One of these criticisms concerned dam development on the Nu River, and the other, which rose to prominence during this dispute, concerned doubts over the economic benefits of the dams on the Lancang that had already been completed.

In early 2010, the southwestern part of China, as well as four countries in Southeast Asia, suffered from a drought. Media reports indicating that the dams being built by China were the main cause of the drought came not only from NGOs, but also from the United States and countries located further down the Mekong River, such as Thailand and Vietnam. While the Chinese government denied any relation between the dams and the drought when faced with mounting international criticism, China also began to display an internationally cooperative approach to the matter. On March 15 that year, China promised to provide data to the Mekong River Commission, or MRC, relating to the water levels and amount of rainfall received during the dry season for the Jinghong and Manwan dams. The Thai and Vietnamese governments reacted positively to China's actions, welcoming the country's efforts to provide this data. Nevertheless, some environmental protection specialists criticized the move, saying that China was releasing information drop by drop rather than in an accurate and timely manner.

Much research has been carried out analyzing the state of the democratization process in China using dam developments along the Lancang River and Nu River as case studies. In this chapter, new and progressive points of view regarding the roles of interest groups and NGOs in the political process will be presented.<sup>11</sup> However, the number of studies focusing on the relationship between China's domestic public opinion and foreign policy is extremely limited. Therefore, this chapter will investigate how the cooperative international approach shown by China in March 2010 came about in the midst of domestic and international criticism concerning its dam development. In addition, the chapter attempts to clarify the characteristics of China's cooperative international approach, which is restrained by public opinion. Specifically, it will first examine the transition process of domestic public opinion regarding dam development, while looking at Nu River dam development as a case study and relating this trend to dams being built along the Lancang River. This will be followed by a discussion of Chinese government actions and public opinion at the time of the disastrous 2010 drought.

## **PUBLIC OPINION IN CHINA CONCERNING NU RIVER DAMS**

As soon as plans for dam development along the Nu River were made public in 2003, a major debate over the necessity of building dams unfolded in the Chinese media, focusing on various aspects of the issue. These concerns included the displacement of those living near the river and the effects of dam construction on the environment. Public opinion on these matters was divided.

Such policy disputes in the media were made possible by the “marketization of media under a fragmented authoritarian regime” in China.<sup>12</sup> Some previous research has already shown that NGOs worked together with the Ministry of Environmental Protection (known as the State Environmental Protection Administration until March 2008), actively utilizing television, magazines, newspapers, and the Internet to broadcast their opinions in relation to their activities opposing dam development along the Nu River. Meanwhile, those in favor of the dams, such as the NDRC, the State Council’s State Electricity Regulatory Commission, and Yunnan Province, fully mobilized the media under their respective jurisdictions in order to fight back, promoting the benefits of dam construction.

Trends in public opinion regarding Nu River dam development that are linked with governmental policy can be divided into the following three periods. (1) The pros and cons period from 2003 through 2004. Reflecting the permissive stance by the government, arguments both for and against dam construction were discussed in the media during this time period. (2) The period from 2004 through 2006, when a combination of development and environmental conservation became the mainstream approach to the issue in the media. (3) The period of restrictions on the press, from late 2006 onward, during which the heated controversy over building dams on the Nu River has been quieted for the time being.

### **The Pros and Cons Period (2003–2004)**

Hydroelectric power generation projects along the Nu had been planned as part of China’s national growth before its Western Development Strategy was launched. Yunnan is the leading province behind the projects. During the planning phase, the NDRC and local governments approved the projects, and the State Environmental Protection Administration, which was to become the main opponent of the later dam development, also agreed to the plans.

However, when the media reported in June 2003 that these Nu River hydroelectric power generation projects would officially commence, and the review board under the auspices of the NDRC approved the projects that August, public opinion became divided on the issue. The State Environmental

Protection Administration also clarified its negative stance regarding dam construction on the Nu River at this time. Proponents of the dam emphasized the possibility that the concepts of environmental protection and dam development could exist together, while also pointing out the necessity for local inhabitants to escape from poverty. Meanwhile, opponents of the dams pointed out the likelihood of damage to precious natural scenery and the possibility of the dams triggering earthquake disasters. Further, they asserted that dam construction does not lead to the improvement of locals' lives, referencing the Manwan and Dachaoshan dams already in operation on the Lancang River as examples.

Opposition to the dams came from overseas, as well. After plans for dam development on the Nu were formally announced in 2003, international environmental NGOs, such as the International Rivers Network (IRN), Salween Watch, and the South East Asia Rivers Network (SEARIN), started an opposition movement against Nu River dam projects, while keeping a close eye on trends in dam construction within China. During this time, these actions taken by foreign NGOs as well as reactions from other countries, such as Thailand's and Myanmar's concerns over the Nu River dam development, were widely covered in the Chinese media.

Cooperative behavior was also seen between Chinese and foreign NGOs and was reported in the domestic media. The Chinese NGOs Green Earth, Friends of Nature, Green Island, and Yunnan's Green Watershed also participated in the Second International Meeting of Dam-Affected People and Their Allies, held in Thailand from November through December 2003. These NGOs are said to have sent a letter in the meeting's name to the United Nations to seek protection for the Nu River. Friends of Nature and Green Earth also took part in a special meeting of the United Nations Environment Programme, which convened in South Korea in March 2004. At the meeting, representatives from these two NGOs called for the preservation of the Nu River environment.

With the Chinese government taking a permissive stance, debate over dam development escalated in a relatively free atmosphere. Furthermore, dam development steadily transformed into an international issue in these circumstances. On July 2, 2003, the Three Parallel Rivers of Yunnan Protected Areas was registered as a natural World Heritage Site by UNESCO. However, due to the plans for dam construction along the Nu River, UNESCO has expressed "grave concern" for the Three Parallel Rivers of Yunnan Protected Areas every year since October 2003, three months after it was registered as a natural heritage site. Accordingly, UNESCO sent a request to the Chinese government to address this issue.

Under such circumstances, Premier Wen Jiabao stated in February 2004 that the government would "carefully conduct research and decide upon

policy in a scientific manner” regarding Nu River dam projects. Because this statement came after an environmental assessment for Nu River dam construction was approved in January 2004, Wen Jiabao’s comment was generally interpreted as an order to stop dam development on the Nu, and controversy over the projects intensified further.

### **Toward a Combination of Development and Environmental Conservation (2004–2006)**

At the “Hydropower and Sustainable Development Forum” held in October 2004, the NDRC presented its slogan of “development in protection and protection in development.” Perceiving this approach as an opportunity, a notable shift in Chinese public opinion was seen, and the various government agencies that had advocated for development also came to recognize the necessity of environmental conservation.

Yunnan Province, one of the main proponents of development, had completely ignored arguments opposing development up until this point. However, in late 2004, the slogan “development in protection and protection in development” became a catchphrase broadcast in its media outlets. Nevertheless, this change does not signify a turning point in Yunnan’s economic development strategy. Yunnan used the *Yunnan Daily* to complain about the state of extreme poverty in the province, while stating that hydroelectric power should be treated rationally and objectively. At the same time, the province continued to assert that hydroelectric power could promote ecological protection.

While a sense of environmental preservation gradually began to grow within China through such discussion, dam development along the Nu River was further internationalized. On December 26, 2005, the *New York Times* reported on the Nu River dam issue. The paper’s article in its entirety was not presented in China’s print media. However, after it came out, Fang Zhouzi, an advocate of Nu River dam construction, published a rebuttal of the article on the *People’s Daily Online*. Through this commentary, the *New York Times* report came to be well known in China, as well.

Premier Wen Jiabao stated in July 2005 that “demonstrable research should be conducted soon, and a conclusion should be issued quickly” with regard to Nu River dam development. This proclamation completely changed the atmosphere surrounding the argument in favor of development, which had been losing some ground until this point. Wen Jiabao’s statement, which came as Yunnan reviewed petitions from local governments concerning the issue, differed from the one that he had previously made. This time, his declaration was widely understood to be a green light for Nu River dam construction. Thus, the pessimistic view that dam construction would eventually begin on the Nu River spread amongst those opposing the dams, including NGOs.

### The Press Restrictions Period (2006–)

Although reports concerning Nu River dam development circulated in the media from 2003 until early 2006, all government-controlled newspapers refrained from reporting on anything in relation to the issue beginning in 2007. Afterward, starting in 2008, reports relating to Nu River dam construction gradually came to be published again. Such media trends bring into the forefront the fact that press restrictions regarding Nu River dam construction were imposed from late 2006 until 2007. There are considered to be numerous reasons for these restrictions on the press.

One speculated reason for China bringing domestic discussion over the issue to a halt was the grave concern showed by UNESCO regarding the previously discussed Three Parallel Rivers of Yunnan Protected Areas, which had been registered as a natural heritage site. Also, dam construction along the Lancang River, the upper stream of the Mekong River, drew worldwide attention. Another reason was that dam plans for the Nu River were in the process of becoming a diplomatic issue.<sup>13</sup> While facing headwinds from international opinion, during June 2006 China's newspapers simultaneously reported on cooperation agreements between Chinese electric power firms and firms from Thailand (EGAT) and Myanmar (DHP) to jointly build the Hatgyi hydroelectric station on the Nu/Salween River. The purpose of such intensified media coverage of the matter was to promote the overseas expansion of China's power companies. Thailand and Myanmar had already signed a cooperative agreement concerning development along the Salween River on May 30, 2005. China's Sinohydro Corporation came into the agreement afterward, contracting to undertake the development, design, materials ordering, and construction of the 600,000 kilowatt cascade dam. This contract can be considered an important step in the advance of Chinese power companies into overseas markets. This multilateral contract, under which China is involved in at least four out of the ten dams planned along the main course of the Mekong, holds major significance as it gives China a foothold in dam development within, and in cooperation with, the Greater Mekong Subregion (GMS). Due to such implications, it is appropriate to reason that the Chinese government took both the overseas expansion of Chinese corporations and their influence within the GMS into account when imposing domestic press restrictions regarding the Nu River dams and concurrently pushing for the multilateral dam construction contract.

While press restrictions were being imposed, the process for reevaluating domestic policy quietly began. In May 2006, a research task group was established to resolve the Nu River issue. Eight organizations, including the NDRC and the State Environmental Protection Administration, as well as Yunnan Province and the Nujiang (Nu River) Prefectural Government, participated in this group. The solution proposed for the Nu River issue by

the task group was to “introduce ecological compensation mechanisms in Nujiang (Nu River) Prefecture with a basis in hydroelectric power.” The objectives set forth by this group, which inherited the form of the policies enacted in 2004, concerned allowing for the combination of environmental protection and hydroelectric power.

Reflecting such policies, supporters of dam development along the Nu River came to treat the debate over the Nu River dams with respect. From late 2006, the sensitive wording of “Nu River dam development” changed to “Nu River issue,” while Yunnan Province, government offices in charge of electricity matters, and power companies all reiterated their argument that the hydroelectric power project would be effective in protecting the environment. Meanwhile, SEPA refrained from criticism of Nu River dam development from June 2006 onward. Starting in 2009, SEPA largely retracted its original stance on the issue, with the statement “objecting to dam construction does not deny China’s hydroelectric power” starting to appear in various places.

At the same time, due to the internal press restrictions, events outside of China that had been reported on thus far—such as cooperative behavior exhibited between Chinese NGOs and foreign lobby groups as well as reaction from abroad concerning Nu River dam development—also disappeared from the domestic media. The *New York Times* once again ran an article about the Nu River dams on November 27, 2007; however, not a single news media outlet printed the article in China. Thus, during this period, the only international news reports concerning the Nu River issue that China’s official domestic media were able to touch upon were indirect in nature, such as news of a report issued by the World Wide Fund for Nature (WWF) and coverage of a Chinese NGO activist receiving an international environmental award.

Of course, in the Internet age, it is also possible for NGOs to use their websites or blogs to post about overseas trends and comments differing from government policy. However, Chinese environmental NGO activity generally exhibits the characteristics of “rightful resistance” and “collective behavior avoiding conflict with the government.”<sup>14</sup> Therefore, when the government imposed restrictions on free speech, references to overseas NGO activity in opposition to dam development along the Nu River disappeared from the websites of environmental NGOs as well as personal blogs.

### **The Nu River Dam Dispute and the Potential for International Cooperation**

When considering the relationship between the cooperative international behavior shown by China in March 2010 and the dispute over the Nu River dam development from the time the plans were announced in June 2003 until around 2009, particular attention should be paid to the following two points.

First, while arguments for and against dam development continue to clash with each other in China, the Chinese government will still be able to secure definite domestic support whether China chooses to engage in cooperative international behavior or a hard-line approach toward foreign entities. Opponents of dam development, led mainly by NGOs along with SEPA, were in the minority. However, until the 2006 press restrictions were enforced, the arguments of those against the dams penetrated society extensively through the Internet and blog postings. The impression that the “media is against dam construction” was a result of their actions.<sup>15</sup> Moreover, even after press restrictions were imposed, the voices of the opposition were not silenced completely. Since press restrictions were loosened in 2009, NGO activists have used media outlets that do not have any direct interest in the dams to broadcast their opinions against the dams intermittently. In light of such trends in public opinion, it can be said that the Chinese government is being given full discretion in forming policy decisions regarding dam development. However, conversely, it is possible to say that whether the government decides to go forward with dam development, postpone it, or scale down the extent of the plans, China will be exposed to severe public backlash.

Second, as domestic debate over the issue persisted, the Chinese government came to promote the coexistence of development and environmental preservation. However, the government’s endorsement of this policy does not imply a final decision on the specific issue of Nu River dam development. Rather, the government is ultimately wavering between “development” and “environmental preservation.” Due to these circumstances, the probability that China will emphasize the environment and make drastic changes to its development plans in consideration of the countries downstream is extremely low.

### **CHINA’S COOPERATIVE INTERNATIONAL BEHAVIOR REGARDING LANCANG RIVER DAMS**

With the Manwan (1993), Dachaoshan (2002), Jinhong (2008), and Xiaowan (2009) dams coming into operation, four out of the eight hydroelectric power stations primarily slated for construction on the Lancang River have been completed.

The relationship between Lancang River dam development and the drought that occurred in the Mekong River Basin the year the Manwan Dam was activated has been pointed out by foreign NGOs, demonstrating their negative stance toward dam development. Ever since then, Lancang River dam development has been the target of dam protest campaigns led mainly by foreign NGOs.

Domestic Chinese arguments opposing dam development along the Lancang River were largely picked up by the media after the debate over the Nu River dams surfaced, much later than when overseas criticism of the Lancang dams started. The fact that domestic opponents of the dams came to be heard in the media was largely due to the conditions established since the late 1990s by many environmental NGOs that currently have a certain amount of influence in China.

In this section, the changes in Chinese domestic discussion over Lancang River dam development from the beginning of the 1990s through the late 2000s will first be considered. Next, the trends in domestic Chinese opinion amid mounting international criticism from the late 2000s onwards will be explained. Finally, events surrounding the MRC (Mekong River Commission) Summit that was held at the beginning of April 2010 will be examined.

### **Dispute over Lancang River Dam Development (Early 1990s–Late 2000s)**

Since the Manwan Dam came into operation in 1993, foreign NGOs have blamed natural disasters in the lower reaches of the Mekong on Chinese dams, criticizing China's self-centered policies and uncooperative behavior. As discussed previously, the Lancang River dam development issue did not become a hot topic in the domestic Chinese media until around 2003. The fact that the issue may not have been major news in the media does not indicate that foreign attitudes concerning Lancang River dam development were completely unrecognized within China, however.

Opinions pointing out that Lancang River dam construction acts as a bottleneck inhibiting economic cooperation between China and the Association of Southeast Asian Nations (ASEAN) have been appearing since the 1990s. Southeast Asian researcher Ma Yanbing specified that the "effect dam construction has on the environment, water quality and the fishing industry will increasingly draw more attention from now on."<sup>16</sup> However, Ma's perception of the current situation was excessively optimistic. He believed that only portions of some countries, such as Laos and Cambodia, were concerned about the effects of dam construction, and that Thailand and Vietnam had an understanding with China over the issue.

Yunnan had been closely monitoring the attitudes of countries in the Mekong River Basin that had strong concerns over development in the Greater Mekong Subregion (GMS). The province was also aware of the opinions and opposition activities of NGOs regarding the issue from an early stage. In 1997, Chen Jianming of the Yunnan Academy of Social Sciences' Institute of South East Asian Studies, which serves as a think tank for Yunnan Province, published a paper that he had explained in detail at the

MRC Summit held in 1996. In this paper, Chen laid out the strong interest in water resources among countries connected to the MRC as well as their fears regarding the impact of development on the ecology of the area. He also referred to statements from NGOs advocating sustainable development.<sup>17</sup>

Around 2003, Lancang River dam development suddenly emerged as a domestic issue within China. As stated previously, doubts over the economic effects of Lancang River dam construction were raised during the dispute over the Nu River dams which unfolded in 2003. When construction first began on the Manwan Power Station, it was claimed that “the day the Manwan Power Station generates electricity, the people will become wealthy.” However, after the dam was built, the fact that the local people did not receive any benefits from the electricity generated, and that many actually became poorer, was brought to light by the media.

In late 2004, with more voices speaking out against Lancang River dam development due to problems such as the displacement of locals and environmental issues, the government began promoting the “coexistence of development and environmental preservation.” With the government displaying an approach that placed importance on environmental protection, various government agencies conducted surveys in order to carry out environmental policies. Through these investigations, the controversial aspects of dam construction became much clearer, and awareness of these aspects also spread.

Even Yunnan Province, one of the proponents of dam development, ran several concurrent research studies in relation to the issue. The results of some of these studies identified negative effects of dam construction. According to observation data from the Yunnan Environmental Monitoring Center, the Manwan and Jinghong dams have had no effect on water quality. However, during dry seasons the amount of water flowing out of China is reduced due to the dams, and the impact of this decrease in water is particularly notable as far down as Vientiane, the capital of Laos.<sup>18</sup> Many of Yunnan’s government-run think tanks also drew attention to the negative effects of dam development in their research findings.<sup>19</sup> He Daming, a well-known dam advocate who took part in the actual studies, also published a paper about their results. While promoting the necessity of dam development, his paper additionally notes the need to place emphasis on cross-border ecological issues.<sup>20</sup>

Environmental studies were also conducted by the government on a national level. At the beginning of 2008, the Investigative Research Group of the State Council Research Office started to conduct surveys around the sources of the Yangtze River, the Yellow River, and the Lancang River. The report of the surveys proposed that the protection of the ecosystems around the sources of these rivers should become part of a national strategy. As for the reasoning behind this proposition, the report states that “because the

variations in climate around the water sources of the Yangtze, Yellow and Lancang rivers affect not only China and Southeast Asia, but also the atmospheric circulation throughout the world, protecting the ecosystems of these areas is closely linked to China's international status and influence."<sup>21</sup>

As explained above, the Chinese government had been aware of the opinions and protest activities of NGOs in response to Lancang River dam development, as well as the growing concerns of the MRC countries regarding water resources, since the start of the 1990s. Moreover, after widespread debate over dam development broke out in China, awareness of the importance of environmental protection was heightened by studies on the environment, and a combined movement promoting a reconsideration of dam construction intensified within the country. Finally, the most important change within China that can be understood through these events is that China came to perceive environmental issues as connected with its national interests of elevating its global status and expanding the country's influence in the international community, rather than just perceiving them through the lens of economic growth.

### **Internationalization of the Lancang River Dam Development Issue (Late 2000s–)**

Up to now, NGOs, and possibly some of the MRC countries, have been seen as the main entities against dam construction along the Lancang River. However, opinions stressing the problems with dam construction have in recent years come from numerous other sources to the point that China cannot ignore them.

On May 21, 2009, the United Nations Environment Programme (UNEP) released a report warning that dam construction along the Mekong River should be approached with caution. Also, the Chinese dam issue was referred to at a public hearing held by the United States–China Economic and Security Review Commission on February 4, 2010.<sup>22</sup>

A 2010 report jointly written by Richard P. Cronin and Timothy Hamlin of the Washington research institute the Henry Stimson Center cautions that “because China is engaging in the construction of a series of large dams on the upper stream of the Mekong River, the economies and environments of the countries downstream may be undermined, which will possibly lead to conflict between countries.”<sup>23</sup>

The WWF published a report in July 2010 concerning the current status of the giant fish inhabiting the Mekong River. The paper warned that the fish were on the verge of extinction due to the rapid dam development along the Mekong.<sup>24</sup>

The Chinese government did not put forward any objections to the WWF paper, and the content of the report was widely covered in the domestic media.

Nevertheless, the Chinese government as well as proponents of dam construction vigorously opposed direct criticism of Lancang River dam development itself. For instance, a spokesman for the Ministry of Foreign Affairs spoke out against the UNEP report at a press conference and a commentary piece opposing the report entitled “Lancang River Dam Development Is Instead Alleviating the Water Crisis of the Mekong River” was published in the June 9 edition of the *China Energy News*. Furthermore, Zhang Boting, who is the deputy general secretary of the China Society for Hydropower Engineering as well as a strong advocate of dam development on the Internet, posted similar thoughts about the UNEP report on his blog.

Chinese media outlets have always tended to act in unison to oppose criticism from abroad. Even during the period of relatively loose press restrictions regarding dam development in 2004, the *China Environment News*, a bastion of dam opponents, refuted criticism from overseas that Chinese dam development has a negative impact on the environment. In an article objecting to this criticism, the paper cited the viewpoint of the MRC, which asserted that Chinese dam development actually had a positive effect on the countries in the lower Mekong basin.<sup>25</sup>

Furthermore, even while press restrictions regarding dam development were being enforced, arguments in favor of dams that the domestic media would not be able to present under normal circumstances frequently appeared in the media in the form of rebuttals against criticism of China from overseas. When the aforementioned UNEP report, the Stimson Center paper, and the discussion at the United States–China Economic and Security Review Commission emerged, the domestic Chinese media correspondingly ran pieces in various forms opposing each of these criticisms, such as presenting the official viewpoint of the government as well as opinions from scholars. As a result, the opinions expressed in the media bore a strong nationalist tinge, further bolstering the argument in favor of dam development. These opinions permeated the media to the point that all news related to the issue stimulated the nationalism of Chinese citizens.

Nearly all of the objections to criticism concerning Lancang River dams are based on the government’s official stance on the issue. The Chinese government asserts that the “amount of water flowing from the Lancang to the Mekong comprises no more than 13.5 percent of the Mekong’s total water supply, so dam construction has nothing to do with droughts. Rather, dams have the ability to regulate water flow during dry spells.”<sup>26</sup>

Also, a strong sense of being victimized has spread throughout China since the “China environment threat” was seen as having been intentionally created by the West. From the point of view of development advocates and some academics, the Chinese dam issue has not been covered objectively by the foreign media, which instead constructs a “demonized” image of the

situation. Many NGOs located in Thailand, in particular, receive monetary aid from the United States, Japan, and France. The points of dispute and arguments presented in the media by these Western-influenced NGOs have created a negative perception of Chinese dams.<sup>27</sup>

Moreover, many Chinese scholars have argued that through the ministerial meetings held between the United States and four countries of the Lower Mekong (excluding China and Myanmar), as well as the summit meetings held between Japan and the countries of the Mekong Subregion (five countries, excluding China) that started in 2009, United States and Japan were targeting the Mekong's water resources in order to serve their own political and economic interests. These scholars further claimed that the water issue was nothing more than a card that United States and Japan were playing in order to constrain China from the outside.<sup>28</sup> If we view Japanese and U.S. involvement with the Mekong River issue through the lens of power politics, it seems that China has been forced into a difficult position. One expert on China has pointed out that "if China becomes an official member of the MRC, Lancang River dam development will become a part of the Mekong River development project, and China will have to provide data regarding its dams to the MRC, as well. On the other hand, if China were to formally become a member of the MRC, it would be able to contribute to the development plans and management of the entire Mekong River as a major power."<sup>29</sup> In addition, concerns over whether China would receive not only complaints about damage from its dams, but also demands for compensation, flared before the Mekong River Summit.

As discussed above, Lancang River dam development became an international issue, and most of the press coverage of it consisted of rebuttals of foreign criticism. For these reasons, domestic opinion on dam development took a strong hard-line stance against such foreign criticism, and most of the arguments concerning the issue stirred up nationalist sentiments. Also, various national interests came to be mixed up with the dam development issue along with economic interests, such as China's attitude toward becoming a major power, as well as its rivalry with the United States and Japan. In other words, it is possible to say that dam construction is no longer a mere economic development issue, and as a result, China's core interests have come into question.

Nevertheless, with the progressive marketization of the media in today's China, outlets through which the opinions of NGOs can be heard will never completely disappear. While media outlets under the jurisdiction of the central government, the Chinese Communist Party, government agencies, and local governments, such as *Xinhua News Agency* and the *People's Daily Online*, were all rolling out campaigns against criticism from abroad, environmental NGO activist Wang Yongchen published an article under his own name in the *Beijing News*. In this article, which came out on March 23, 2010, Wang posed the following question: "Since the drought that Southwest China is

experiencing does include some elements of a man-made disaster, can it be said that the Lancang River dams have nothing to do with the drought?" Moreover, another NGO activist, Yu Xiaogang, questioned the Chinese government's official statement that the amount of water flowing from the Lancang to the Mekong comprises no more than 13.5 percent of the Mekong's total water supply. He brought up the fact that even during dry seasons, water must be stored in order for dams to generate power, which would make it impossible to release water to flow into the Lower Mekong Basin. Yu's argument thus cast doubt on whether the dams would be beneficial to countries downstream.<sup>30</sup>

### MRC Mekong River Summit

The first MRC Mekong River Summit was held in Hua Hin, Thailand, on April 4 and 5, 2010. Although the GMS was supposed to be celebrating fifteen years of development and accomplishment at this meeting, the management of the Mekong's water resources became a major topic of discussion due to the fact that the Mekong Subregion was experiencing its worst drought for fifty years.

Prior to the summit, the Chinese government promised on March 15 to provide the MRC with water volume and precipitation data on the Jinhong and Manwan dams. China had supplied water volume data during rainy seasons for Jinhong and Manwan since 2002, and started to discuss flooding issues with the MRC in 2005. However, the rainy season data that China would supply this time would take such data provision one step further than before. Also, in June 2010, China agreed to inspections of its hydroelectric power stations at Jinhong and Xiaowan by MRC member-countries.

While displaying cooperative international behavior, China seized various opportunities to argue in favor of the legitimacy of dam development. On March 9 in Bangkok, China's assistant minister of foreign affairs, Hu Zhengyao, clarified that the decrease in the Mekong's water level had no relation to the issue of Chinese dam construction. At a press conference held at the Chinese embassy in Bangkok on March 11, Counselor Chen Dehai stressed that China was also suffering through the drought. Chen's statement was carried by China's largest English-language newspaper and affiliate of the *Xinhua News Agency*, the *China Daily*, on March 12. On March 26 and 30, a few days before the MRC Mekong River Summit, a spokesman for the Ministry of Foreign Affairs stated that the amount of water consumed and evaporated through the operation of hydroelectric power stations is low. This spokesman also reiterated that the amount of water flowing from the Lancang to the Mekong comprises no more than 13.5 percent of the Mekong's total water supply, and emphasized that China is a responsible upstream country. The vice minister

of foreign affairs, Song Tao, who took part in the Mekong River Summit, also explained the issue by emphasizing China's official stance.

China displayed a cooperative approach as it recognized the dam issue, but that does not mean that China altered its existing policy, which is embodied in its often-promoted line of "protection in development and development in protection." Song Tao spoke of five fields that China and the MRC countries would cooperate in from now on at the Mekong River Summit, based on the following slogan: "discuss matters as equals, strengthen cooperation, help each other, be victorious with each other, and grow together." One of the areas for cooperation that he identified was to "actively further cooperation in developing hydroelectric power generation."

While China did indeed respond to requests to provide data on the Jinhong and Manwan dams, China did not comply with calls to supply data for the Xiaowan Dam, which has the largest reservoir out of the four completed dams. Also, countries of the Lower Mekong Basin do not necessarily agree with China's behavior and explanations with regards to the issue. Vietnam's MRC representative, Le Duc Trung, revealed his discomfort concerning dam development by stating that "hydropower does definitely have an impact [on the Lower Mekong]. The issue is how it is affecting [the Lower Mekong], and to what extent."<sup>31</sup>

## CONCLUSION

Generalizations cannot be made about all of China's behavior toward foreign entities amid the rise in nationalism occurring within the country. Nevertheless, the Nu and Lancang dam development cases discussed in this chapter exemplify one of China's behavior patterns that has been followed more in recent years, which is adopting internationally cooperative policies externally while promoting nationalism domestically.

As detailed in this chapter, the Nu and Lancang dam development issues have so far passed through three stages. During the first stage, which was the period up to the late 2000s, each government agency, regional government, and company stressed its respective interests. Heated debate occurred between opponents of dam development, such as NGOs and the Ministry of Environmental Protection, and advocates of dam construction, such as the NDRC, Yunnan Province, and power companies.

With the internationalization of the Nu and Lancang dam development issues that occurred in the second stage, the Chinese government enforced press restrictions on domestic media outlets. Despite the fact that a deeply rooted argument against dam development existed within China, due to mounting international criticism, even those against dam development, such

as the Ministry of Environmental Protection, reached the point of asserting, in the form of a rebuttal against such comments from abroad, that dam construction was justified. As a result, only arguments advocating dam development erupted on the surface, giving rise to the advancement of nationalism.

Beneath the surface of the rise in nationalism, one cannot overlook the numerous factors on a deeper level which caused the country to turn toward international cooperation. First, because the Nu and Mekong dam development issues were exposed to international public opinion, dam opponents found it difficult to allow their agreement with the criticism from abroad to surface. Nevertheless, they actively worked for their cause from the beginning. Also, due to the dams becoming an international issue, opinions concerning the dams could no longer all be placed in the dichotomy of “environment vs. development.” In addition to these two points of view, dam development came to be perceived as connected to China’s national interests, such as the elevation of China’s international status. This change was also one of the driving forces behind China’s turn toward international cooperation. Furthermore, debate over the issue within China provided an opportunity for environmental studies to be conducted, which clarified the points of contention in the dam development dispute. It is also important to bear in mind that through this debate, a combined movement promoting a reconsideration of dam development rose up from deep within the country.

Influenced by such deep trends, the Chinese government displayed cooperative international behavior in the third stage, and agreed to provide data about the Jinhong and Manwan dams in April 2010.

Dam development is an environmental issue, and as such belongs to the realm of non-traditional security issues in international relations. Within the “marketization of media under a fragmented authoritarian regime,” public opinion tends to become divided due to conflicts of interest between government agencies regarding non-traditional security issues, and this is what has occurred in the case of dam development. With public opinion split, rigid press restrictions carry a great risk of escalating nationalism.

Divided domestic opinion plays a role in supporting China’s cooperative international approach. At the same time, however, such differences of opinion make large-scale policy shifts difficult for the government to implement, forcing China to make small policy concessions for the sake of international cooperation. Moreover, in cases where the central government’s stance is vague and final policy decisions have been put on hold, it is also possible for the actions of regional governments and companies to produce policies or cause incidents that run counter to international cooperation. With regard to development along the Nu River, out of the thirteen hydroelectric dams planned, preliminary construction work around the first to be built, the Liuku Dam, commenced in 2007. Also, out of the “big five” Chinese power

companies, four (excluding the State Grid Corporation of China) are involved in dam construction projects in Southeast Asia. According to a 2008 joint report from the WWF and the IISD (International Institute for Sustainable Development), Chinese corporations have already planned and are in the process of building seventeen hydroelectric power stations in Laos and six in Cambodia.<sup>32</sup> Furthermore, to coincide with the beginning of the MRC Summit, China Huadian Corporation started construction of a dam in Cambodia on April 1, 2010. Particularly because all of the hydropower companies have already settled on sites for dam construction in most regions within China, development overseas has been advancing rapidly.<sup>33</sup>

With cases involving non-traditional security issues, as long as the mechanisms and environment that form public opinion do not undergo drastic changes, Chinese public opinion will remain divided. As pressure from overseas rises, this divergence in opinion will also cause an increase in nationalism in the form of opposition to such foreign criticism. At the same time, however, China will likely repeat the pattern of gradually aiming for international cooperation.

## NOTES

1. Regarding China's gradual approach to accepting international norms, please refer to Aoyama, "Daruhu-ru mondai to chugoku gaikoku no henyou"; Medeiros & Fravel, "China's New Diplomacy."

2. Kinoshita, "Chugoku no aikoku shugi kyōiku."

3. Aoyama, "Chugoku ni okeru yoron keisei no medanizumu"; Gries, *China's New Nationalism*.

4. Representative research can be found from the following authors: Zhao, *A Nation-State by Construction*; Chen, "Nationalism, Internationalism and Chinese Foreign Policy."

5. Shen, "Nationalism or Nationalistic Foreign Policy?"

6. According to sociologist Jonathan Hearn, nationalism is a concept comprised of five aspects: feelings, identity, ideology, social movement, and historical processes.

7. The concept of international cooperation used in this paper is from Satoshi Ooyane's definition of multilateralism: Ooyane, *Higashi ajia no kokusai kankei*, 17.

8. "Aftereffects of Drought Disaster," *Yunnan Daily*, April 12, 2010.

9. *China Electric Power News*, "Going Abroad to Find Markets: Yunnan Power Companies Actively Implement the 'Go Out' Policy," August 20, 2002.

10. Chen and Mai, "Qianyi jingji fazhan yu huanjing baohu de xietiao goujian," 37.

11. The primary research concerning case studies on Nu River dams from a political standpoint consists of the following: Hayashi, "Chugoku ni okeru rieki shudan to seisaku katei"; Litzinger, "In Search of the Grassroots"; Mertha, *China's Water Warriors*.

12. Aoyama, "Bundanka sita keni shugi taisei ni okeru chugoku no media."

13. A spokesman for the Ministry of Foreign Affairs was asked about the issue of dam construction along the Lancang River (the upper stream of the Mekong River) on June 30, 2005, and about the Nu River dam development on January 12, March 9, April 6, and June 3, 2006.
14. Sullivan and Xie, “Environmental Activism, Social Networks and the Internet,” 426.
15. Liu, “Zhongguo huanbao NGO yu meiti de hezuo,” 40.
16. Ma, “Lancangjiang–Meigonghe liuyu hezuo kaifa,” 22.
17. Chen, “Jinnian lai weirao Lancangjiang/Meigonghe liuyu kaifa.”
18. Feng, He, and Gan, “Lancangjiang shui ziyuan xitong bianhua,” 55.
19. *First Financial Daily*, “Hydroelectric Tug of War: Behind the Calls for Stopping the Jinsha River Project,” July 8, 2009.
20. Chen, Zeng, and He, “Guoji heliu liuyu kaifa,” 74; *China Environment Daily* “China Actively Maintains Cross-Border Ecological Security,” April 28, 2010.
21. Chen Wenling, “Restoration and Protection of the Ecosystems of the Three River Sources should be National Strategies along with Construction: Three River Sources Ecological Issues Survey Research Report,” *China Economic Times*, June 3, 2008.
22. U.S.–China Economic and Security Review Commission, “China’s Activities in Southeast Asia and the Implications for U.S. Interests.”
23. Cronin and Hamlin, *Mekong Tipping Point*.
24. WWF Greater Mekong, *River of Giants*.
25. *China Environment News*, “Severe Environmental Degradation Threatens the Mekong River,” April 6, 2004.
26. Infzm.com, “Meigonghe fenghui juxing zaiji hanzai yinfa guoji yongshui zhengduan” (accessed September 1, 2010).
27. *Science and Technology Daily*, “Restoring a True Chinese Dam,” February 18, 2009.
28. *Global Times*, “Chinese Dams Not to Blame for Drought in the Mekong River Subregion,” April 6, 2010.
29. *21st Century Business Herald*, “Mekong River ‘Consensus’: China Deduces Moves on Cross-Border River Basin Development Chessboard,” April 7, 2010. In relation to water resources, the MRC passed an agreement regarding data and information sharing in 2010; an agreement concerning notification, prior consultation, and mutual consent in 2011; and an agreement on monitoring water usage in 2003.
30. *Window on the South*, “Severe Southwest China Drought: How Far from Catastrophe to Danger?” 2010, no. 8: 56.
31. *Thanh Nien Daily*, “China Blamed for Holding Back Important Mekong Info,” April 4, 2010.
32. *21st Century Business Herald*, “Chinese Power Companies ‘Get Together’ in Southeast Asia,” April 9, 2010.
33. Ibid.

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## *Chapter 10*

# **China and the United States Respond to the Crisis *Cooperation or Conflict?***

Herman Schwartz

For twelve years, from 1994 to 2005, the United States and China enjoyed a symbiotic relationship that brought increased growth and global power to each, though more so for China. But the financial crisis in 2007 revealed not only limits to that symbiotic relationship, but also a darker, more zero-sum aspect to U.S.-Chinese economic entanglement. From 2007 onward, the official U.S. unemployment rate rose to its highest level since the early 1980s, and stayed at those levels for half a decade. China's economy seemed to power on, after a hiccup in 2008, attaining more than respectable growth rates near 10 percent per year. But this growth required a massive fiscal stimulus amounting to 3 percent of GDP over two years, implying a certain fragility to an economy that by all rights should not have been so affected by a slowdown in its major export market. And by 2013 growth had visibly slowed. How were the U.S. and Chinese growth models interlocked? What were the costs and benefits for each? What does the post-financial crisis future look like for the U.S.-Chinese economic relationship?

Put simply, the United States and China had a positive sum and symbiotic relationship promoting growth and employment in each country up until roughly 2005. China exported exceedingly cheap labor-intensive goods to the United States and the world, and recycled its trade surpluses as credit to the American consumers buying those goods. Cheap Chinese goods and lending helped ameliorate an increasingly unequal income distribution in the United States by enabling a job creating housing boom.<sup>1</sup> But while this was occurring, Chinese exports were also hollowing out the bottom of the U.S. middle class, ultimately eliminating some of its own best customers. The job creating housing boom relied on rising housing prices, but these in turn relied on new entrants into the housing market from the very group whose income was

threatened by Chinese imports. Weakening demand led to weaker housing prices, setting off a chain of defaults on mortgages.

Meanwhile, the huge accumulation of profits and foreign exchange in China started to hollow out China's future growth prospects. China's highly regulated and highly distorted financial system created dynamics that made China's growth more capital intense and thus less capable of absorbing China's huge rural population. In part, rising capital intensity also reflected the end of any employable surplus labor in China, and thus rising wages. But rising wages also threatened China's competitive position in world export markets. Chinese firms responded much as Japanese firms had responded to a worsening competitive position in the 1980s, and began using their privileged position in capital markets to speculate rather than produce. Chinese policy makers thus faced a delicate inflection point in which they needed to increase domestic consumption, yet surely would face opposition from entrenched interests in both the state sector and the export sector.

This chapter analyzes these dynamics in three steps. Part one presents a stylized model of growth for each country in order to discuss the apparently symbiotic growth dynamic prevailing from the mid-1990s until 2005. Part two shows how codependent growth created internal contradictions that shifted these growth models into something closer to a zero-sum relationship after 2007. The apparently symbiotic relationship was actually a codependent one, in which, as psychologists understand the term codependent, each side used the other to mask its own internal failings and weaknesses. Part three discusses the current state of play, asking how the power balance has changed over these two decades, and asking what options each country has for fixing its economy and moving forward. This section is necessarily speculative, but suggests that the United States, as a debtor and deficit country in relation to China, not only retains the decisive power to make the last move in any economic conflict but also has made tentative steps toward exercising that option. This section shows why, contrary to conventional wisdom, China's enormous holdings of foreign exchange are a source of weakness rather than power.

## CODEPENDENT GROWTH

From the mid-1990s until the mid-2000s the United States and China leaned on each other for growth, often to the detriment of third parties. This mutually beneficial interlock between their growth models explains why China and the United States together accounted for 45 percent of total world growth on a purchasing power parity basis, and their combined share of global GDP increased from 32 percent to 36 percent over the period 1995–2006.<sup>2</sup>