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**The Asia-Pacific Order and Chinese Foreign Policy
from 2008 to 2020: A Neoclassical Realist Explanation**

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Introduction

As a major actor on the world stage and one of the great powers in the Asia-Pacific region, China, on the one hand, integrates into the international economic order and develops its economy with the huge domestic market and labor force; on the other hand, with the support of the domestic stable situation, Chinese foreign policy is relatively stable but has distinct stage characteristics. Since the financial crisis in 2008, most of western countries generally believed that with the unstoppable rise of Chinese material capability, its foreign policy has become more assertive to reform the whole international system, but the reasons for this change are different from different perspectives. This paper focuses on the method of combination of international system and domestic environment to explain the reasons for the changes of Chinese foreign policy. It is precisely because of the change of international system—financial crisis in 2008 that the main direction of Chinese foreign policy has changed since the reform and opening up. There is not only the influence of the international system, but also the change caused by the transformation of Chinese domestic environment. Therefore, in the introduction part, it is necessary to sort out the stages of Chinese foreign policy after 1978.

Since the end of the Cultural Revolution in 1976 and the implementation of the reform and opening up policy in 1978, Chinese leaders have made comprehensive adjustment of Chinese foreign policy based on the changes and perceptions of the international situation. It can be divided into the following four stages. The continuity of the first stage to the third stage is mainly since the international system has changed from the bipolar structure of the United States and the Soviet Union to the unipolar hegemony of the United States. The main direction of Chinese foreign policy is the parallel development of economic and political tracks. On the one hand, it embraces globalization economically, and on the other hand, it carries out reform focusing on stability politically. The specific performance is as follows.

The first stage was from 1978 to 1988 when reform and development were carried out. In the past decade, China has focused on adjusting its domestic political and economic policies and repairing its domestic order, but only stabilizing its relations with other countries. The second stage is from the end of the cold war to China's accession to the World Trade Organization in 2001. In 1988, based on the situation at domestic and abroad, Deng Xiaoping put forward the new tasks of Chinese diplomacy for the first time, that is, advocating the establishment of the new world political and economic order. This judgment is based on the sustainable development of the domestic economy and the end of the bipolar balancing. The new world order advocated by China at the end of the cold war mainly includes *the five principles of peaceful coexistence*, the

abandonment of hegemonic policy by superpowers, and the multi-polarization of international relations. The end of the cold war also impacted China's domestic order. In 1992, Deng Xiaoping's 16-character policy of "*taoguangyanghui, yousuozuowei* [hide one's light under a bushel and make a difference]" provided a direction for Chinese foreign policy, that is, focusing on domestic economic construction, stabilizing the neighborhood situation, and achieving peaceful development and win-win cooperation. In 2001, China successfully joined the WTO. This means that China was constantly opening, gradually integrating into the world order, and actively participating in the process of globalization and global governance. The third stage is from 2002 to 2007. The main characteristics of Chinese foreign policy during this period were peace and development, vigorously promoting reform and opening up, and actively integrating into economic globalization. Under the background of the rapid development of domestic economy and foreign trade, President Hu Jintao advocated that China should carry out "Great Power Diplomacy" and strengthen commercial and trade exchanges with the United States, Japan, the European Union, and other major economies. Therefore, some China propositions (such as peaceful development, harmony and win-win cooperation) based on Chinese traditional culture and national development interests are frequently mentioned in international occasions and bilateral relations, and are used to deal with contradictions and tensions around China. However, the trend of China's rapid economic development was hit by the financial crisis in 2008, so after 2008, Chinese foreign policy has undergone new changes that are different from the past three periods.

The fourth stage is from 2008 to now. After the financial crisis in 2008, the emerging market countries represented by China have developed rapidly and gained absolute benefits from the markets of western developed countries. Chinese leaders were also keenly aware of the change in the international structure and began to change the direction of Chinese foreign policy. Although the financial crisis had a great impact on the western developed countries, Chinese economy had gained more benefits than the developed countries by relying on the macro-control of the central government, cheap labor, and broad domestic market. Western developed countries had gradually realized China's growing status and important position in the international market. Especially in 2010, China's GDP surpassed that of Japan and became the second largest economy after the United States. During this period, the "China Threat Theory" appeared, and China's role as a rising power and peer competitor was magnified by western countries. In the Asia-Pacific region, especially from the perspective of some small countries in Southeast Asia, Chinese threat increased, and there were territorial conflicts between China and its neighboring countries, such as India and the Philippines, and the surrounding situation became increasingly complex. Therefore, after the 18th National Congress of the CPC, Xi Jinping, the new leader of the party and the country, deepened domestic reform in China and made new demands to the

foreign policy. And then there were a series of adjustments from foreign discourse to foreign policy, and a more positive even assertive attitude has been adopted. Xi's core idea was the core concept of "China's great power with Chinese characteristics" which was put forward in 2014. One Belt & Road Initiative, the Common Destiny of Mankind and so on are mentioned by Chinese leaders. Currently, the connotation of "Great Power Diplomacy" in China's foreign policy is different from that of the previous stage. After the 18th National Congress of CPC, "Great Power Diplomacy" is to treat China itself as a great power in the international system to interact with other behaviors. At this stage, Chinese foreign policy has changed a lot, with more positive views on home diplomacy, neighborhood diplomacy, even cloud diplomacy in the epidemic situation. Especially after the outbreak of global COVID-19 in 2020, China actively assisted other developing countries and developed vaccine research and development in China. In the post-epidemic era, what is more striking is the successful signing of the Regional Comprehensive Economic Partnership Agreement (RCEP) including 15 countries in the Asia-Pacific region, including China, Japan, South Korea and ASEAN and the completion of the negotiation of the China-EU Comprehensive Agreement on Investment (BIT). These multilateral agreements are characterized by long negotiation cycle and serious divergence of national interests. At this time, the breakthrough is closely linked with the uncertain development of the current international situation and the determination of the development prospects of the Chinese market. The signing of these multilateral cooperation agreements is the major achievement of Chinese foreign policy after the 18th CPC National Congress.

Therefore, since 1978 when China implemented reform and opening up and achieved rapid economic development, the period from 2008 to 2020 is the period of greatest changes in Chinese foreign policy and the most uncertain time in the international situation. Therefore, the analysis and research of Chinese foreign policy in this period is very important for the future direction of China's foreign policy.

Since the 2008 financial crisis and the American announcement of the return to the Asia-Pacific region, the international system has undergone tremendous changes. The main contradiction is the tension between China and the United States, which leads to the increase of uncertainty in the Asia-Pacific order. As a global power and the only hegemonic power in the Asia-Pacific order, the adjustment of U.S. foreign policy would inevitably affect the whole international system, and China would also adjust its foreign policy according to the signals it received to safeguard its national interests such as national security and development. This logic is consistent with Kenneth Waltz's Structural Realism. That is, the adjustment of Chinese foreign policy is mainly due to the changes in the international system, because the pressure of the international system urges the actors to make adjustment. But at the same time, we also see that Chinese foreign policy is contrary to the

stimulation of the international system. For example, China has always denied the intention to compete with the United States for hegemony or China has vigorously carried out economic construction and regional economic cooperation while the global economy continues to decline.

Contrary to the system determinism, some domestic factors are used to explain the changes of Chinese foreign policy, that is, it uses the domestic perspective to understand the foreign policy. Since 2008, China's economy has been impacted and the old economic model of extensive development has serious problems, and China has further deepened domestic reform, and the quality of economic development has continued to improve. One Belt & Road Initiative and other ideas advocated by Xi Jinping also include massive infrastructure construction. What's more, the adjustment of Chinese foreign policy has strong economic foundation. All of these ideas reflect the linear relationship between domestic affairs and foreign policies. However, this kind of domestic determinism also has big loopholes. The most typical case is that when the United States imposed sanctions on Huawei, ZTE and other Chinese essential enterprises, the Chinese government countered based on extreme clear systemic signals, without considering the negative impact of sanctions on American enterprises on Chinese economic development.

Therefore, neither the system determinism advocated by the Structural Realism nor the domestic determinism can fully explain the adjustments of Chinese foreign policy at the present stage. On the one hand, it reflects the complex interaction between structure and actors in the international system; on the other hand, it also shows that domestic factors, as intervening variables, have great impact on national foreign policy choices. Only by applying the research method of Neoclassical Realist Theory (NRT) and combining the pressure of the international system with the intermediary variables at the domestic level, can we analyze the reasons of adjustment of Chinese foreign policy from the international and domestic levels.

NRT is the new development of realism school after the cold war. It holds that only the systemic structure cannot analyze the trend of a national foreign policy, and only the combination of systemic stimuli and domestic-level variables can distinguish foreign policy theory from international political theory. Therefore, NRT is not a theory to analyze the universal behaviors of all countries, but the analysis of foreign policy of a specific country at a specific period. Different from the external driving model advocated by Structural Realism, which is directly related to system stimulation and international results, in NRT, when countries are stimulated by international system, they would provide four different intervening variables from three stages of cognition, decision-making and implementation, and then form different policy responses and have international results.

Based on the analysis of Chinese foreign policy from 2008 to 2020, this paper attempts to establish an

improved NRT framework to explain the adjustment of Chinese foreign policy with systemic stimuli and two domestic-level intervening variables (trade expectation and leader image). The systemic stimuli on China are not the stimulation of the whole international system, but the pressure from the Asia-Pacific order on China as a nation in the Asia Pacific region. This pressure has intensified since the United States announced its return to the Asia-Pacific region. In 2016, the new Trump administration was no longer keen on maintaining multilateralism in the Asia-Pacific region, and curbed China's development momentum. China and the United States even launched the trade sanctions and technology war. All these indicate that China's systemic pressure mainly comes from uncertainty in the Asia-Pacific order. Therefore, this paper attempts to put forward the explanatory framework for the adjustment of Chinese foreign policy from two levels of international system and domestic factors: under the influence of systemic stimuli in the Asia-Pacific region, China is also affected by two intervening variables at the domestic level: trade expectation and leader image, and then needs to adjust its foreign policy to maximize its own interests. The independent variable is the pressure from the change of Asia-Pacific order, the dependent variable is the adjustment of Chinese foreign policy, and the intervention variable comes from the domestic level, namely trade expectation and leader image. Besides the introduction and conclusion, the chapters are arranged as follows.

The first chapter is to make the relations between the IR theory and Chinese foreign policy. In the first chapter, after the literature review of Chinese foreign policy, this chapter intends to prove the applicability of Neoclassical Realist Theory to the interpretation of Chinese foreign policy. What's more, based on the criticism of Structural Realism and domestic determinism, this paper makes a logical construction based on the features of Chinese foreign policy in this period. Therefore, the two domestic intervening variables—trade expectation and leader image—are introduced in this chapter.

The second and third chapter are important in this paper. In the chapter 2, it is about the independent variable—systemic pressure from Asia-Pacific region. There are three sections. The first part is the historical development and new features of transformation of Asia-Pacific order from 2008. The second one is the American Asian policies since the financial crisis. The next one is evaluating and analyzing the pressure from Asia-Pacific order for China. There are three criterions from Type III Neoclassical Realist Theory: the relative distribution of power, the clarity and permissive/restrictive strategic environment. The third chapter is to introduce the adjustment of Chinese foreign policy and reasons from the perspective of NRT. The first section is new features of Chinese foreign policies including three periods (2008-2013, 2014-2017, 2018-now). The second one is to introduce domestic variables—trade expectation and leader images. The last and important part is to show the reasons with the domestic-level intervening variables with scenario analysis.

The last chapter is the case study. two cases are chosen for showing Chinese decision-making process. The first case is the territorial dispute between China and Japan over the Diaoyu Islands in 2012. The other one is the trade frictions between China and the United States from 2017. The two cases are representative because the two disputes surpass bilateral relations and become the clear but urgent systemic pressure that needed Chinese government to make official responses and take formal measures from domestic and international level. From the two cases, according to the different measures, the significance of domestic intervening variables and time dimension would be proved rather just the direct structural adjustment from international system.

Chapter 1: Neoclassical Realist Theory (NRT) and Chinese Foreign Policy

In this chapter, the author tries to establish the relationship between the framework of Neoclassical Realist Theory (NRT) and the adjustment of Chinese foreign policy, which means that after sorting out and criticizing the domestic and foreign studies, it is proved that as an approach to the study of foreign policy, the cross-level research of NRT is different from a theory of international political and can better explain the Chinese foreign policy in a short period of time, even the grand strategies. However, the whole framework of NRT must not be completely copied, especially for the Type III Neoclassical Realist Theory. Because China has a unique development path, political decision-making system, and even the interaction between the state and society, these different domestic intervening variables are needed to analyze in this paper.

There are four sections in this chapter. The first part is literature review about Chinese foreign policy to analyze the existing research perspectives and clarify its shortcomings. The second to the fourth part is the analysis of Neoclassical Realist Theory (NRT), focusing on the theoretical positioning, historical development, and the framework adjustment to Chinese foreign strategy.

1.1 Literature Review

Scholars at home and abroad have different perspectives on the motivations of adjustment of Chinese foreign policy. There are three main perspectives to explain it: the power transition in the international system (the structural contradictions between China and the United States), the domestic spillover effect, and the active change of perception or cognition. However, it is worth noting that, besides some papers closely related to the discipline of international relations, many Chinese scholars often fall into the dilemma of theoretical analysis and Chinese foreign policy interpretation, because there is no obvious difference between international political theory and foreign policy theory in China, Therefore, many domestic researches on Chinese foreign policy focus on foreign policy discourse rather than Chinese actual diplomatic behavior.

For the research path of power transition, some scholars believe that the adjustment of Chinese foreign policy is due to the influence exerted by the system structure, especially focusing on the power transition and strategic competition between the rising power and status-quo power (the competition between China and the United States), which mainly comes from some security issues. This dual competition is from the logic of realist theories. However, the different scholars have different views on the specific performance of power

transition. First of all, some scholars believe that the security dilemma in traditional realism would lead to the adjustment of Chinese foreign policy, and this kind of change would worsen Sino-US relations and inevitably lead to unpeaceful power transition. Liff and Ikenberry believe that though both China and the United States are avoiding the traditional security dilemma, vicious competition cannot be avoided, because the root of military competition comes from the conflict of core interests, and the premise is the mutual distrust and uncertainty of the two nations in the state of anarchy.¹ This is particularly significant in the Asia-Pacific region, which is also the main reason of the adjustment of Chinese foreign strategy. According to the prediction theory, however, China, as a potential competitor, its foreign policy (whether it supports the international order established by the status-quo power or directly challenges the existing order) is based on the changes of American foreign strategy, rather than simply choosing to change the current international system.² Therefore, it is inevitable that the adjustment of Chinese foreign policy would produce new checks and balances. If it relies on the current strong development momentum, China would become the peer competitor against status-quo nation.³ It is undeniable that Chinese foreign policy has become more assertive in the process of China's rise and power transition. But at the same time, Johnston warned to be cautious about the change in China, because it is likely to lead to some strategic misjudgment and misunderstanding, and then lead to security dilemma.⁴ However, more and more territorial disputes in the South China Sea and Chinese firm and strong attitudes on some issues related to core interests and national development do prove the adjustment of Chinese diplomatic strategy.⁵ Besides the changes in security and military, the emphasis on institutions and mechanism indirectly proves the adjustment of Chinese foreign policy. Kai He believes that, there has been institutional balancing and shows competitive multilateralism in East Asia.⁶ He thinks this is the result of power transition, and also emphasizes that China would respond to the "encirclement" of the United States in the Asia-Pacific region by institutional construction. However, unlike the traditional hot war in power transition, it is inevitable that "competitive multilateralism may promote the peaceful transformation of the order in the region in the

¹ Adam P. Liff and G. John Ikenberry, "Racing toward Tragedy? China's Rise, Military Competition in the Asia Pacific, and the Security Dilemma," *International Security*, Vol. 39, No. 2, 2014, pp. 52–91.

² Joshua R. Itzkowitz Shiffrin, "Partnership or Predation? How Rising States Contend with Declining Great Powers", *International Security*, Vol. 45, No. 1, 2020, pp.90-126.

³ Joseph M. Parent and Sebastian Rosato, "Balancing in Neorealism", *International Security*, Vol. 40, No. 2, 2015, pp.51-86.

⁴ Alastair Iain Johnston, "How New and Assertive Is China's New Assertiveness?", *International Security*, Vol. 37, No. 4, 2013, pp.7-48.

⁵ Andrew Chubb, "PRC Assertiveness in the South China Sea --Measuring Continuity and Change, 1970–2015", *International Security*, Vol. 45, No. 3, 2020, pp.79-121.

⁶ He Kai, "Institutional Balancing and International Relations Theory: Economic Interdependence and Balance of Power Strategies in Southeast Asia", *European Journal of International Relations*, Vol.14, No.3, 2008, pp.489 – 518; He Kai, "Yatai diqu de zhiduzhiheng yu jingzhengxing duobianzhuyi [Institutional Balancing and the Contested Multilateralism in Asia-Pacific]", *World Economics and Politics*, No.12, 2018, pp.60-83.

long period”.⁷ What’s more, from the perspective of globalization and economic interdependence, the adjustment of Chinese foreign policy is precisely because of the structural contradictions and asymmetric economic dependence between China and the United States, especially the Trump administration weaponizing globalization and the use of trade, tariffs and other means to interact with China, forcing China to adjust its foreign policy.⁸ Because power transition and economic interdependence exist simultaneously between China as a rising power and the United States as a status-quo power. Some scholars also call this complex interaction as “smart competition”.⁹

The second approach focuses on Chinese domestic development, which forces the adjustment of Chinese foreign policy. Since the reform and opening up in 1978, China has made remarkable economic achievements, and the Communist Party of China (CPC) has made many institutional and political adjustments. These changes would directly lead to changes in Chinese foreign policy. The kind of explanatory factors tend to be domestic determinism. Qian Qichen, the former Chinese foreign minister, replied in an interview with reporters earlier several years that “foreign policy is an extension of Chinese domestic policy”.¹⁰ The relations between foreign policy and domestic development can be explained into economic factor and social factor (especially nationalism in China). With the continuous development of China’s economy, Chinese national interests are constantly and inevitably extended. The first challenge is about the concept of “sovereignty”, which requires China to adopt a more active even assertive standing to protect those potential national interest, especially in the neighborhood areas and transportation arteries.¹¹ Therefore, the rapid development of Chinese economy may also provide the neighborhood areas, especially Southeast Asian countries, “free ride” and share Chinese economic achievements.¹² The One Belt & Road initiative has highlighted Chinese desire to take advantage of its domestic development dividend to create a stable surrounding environment and break the zero-sum competition.¹³ From the perspective of domestic social factor, frequent territorial disputes

⁷ He Kai, “Yatai diqu de zhiduzhiheng yu jingzhengxing duobianzhuyi [Institutional Balancing and the Contested Multilateralism in Asia-Pacific]”, *World Economics and Politics*, No.12, 2018, p.83.

⁸ Joseph S. Nye Jr., “Power and Interdependence with China”, *The Washington Quarterly*, Vol.43, No.1, pp.7-21.

⁹ Orville Schell and Susan L. Shirk, *Course Correction: Toward an Effective and Sustainable China Policy*, New York: Asia Society Task Force, February 2019, https://asiasociety.org/sites/default/files/inline-files/CourseCorrection_FINAL_2.7.19_1.pdf.

¹⁰ “Qian Qichen on the World Situation”, *Beijing Review*, Vol.33, No.3, 1990, pp.16-18.

¹¹ Wang Yizhou, *Chuangzaoxing jieru: zhongguo quanqiujiuese de shengcheng [Creative Intervention: The Generation of China’s Global Role]*, Beijing: Peking University Press, 2013, pp.3-18.

¹² Mitchell Bernard and John Ravenhill, “Beyond Product Cycles and Flying Geese: Regionalization, Hierarchy, and the Industrialization of East Asia”, *World Politics*, Vol.45, No.2, 1995, pp. 179–210; John Ravenhill, “Is China an Economic Threat to Southeast Asia?”, *Asian Survey*, Vol. 46, No. 5, 2006, pp. 653-674.

¹³ On the studies about One Belt & Road Initiative, see Gao Cheng, “Zhongguo jueqi beijingxia zhoubian geju bianhua yu zhanlue tiaozheng [China’s Rise, Structural Evolution of Its Neighboring Regions, and Its Strategic Adjustment]”, *International Economic Review*, No.2, 2014, pp.32-48; Li Xiao and Li Junjiu, “Yidai yilu yu zhongguo diyuan zhengzhi jingji zhanlue chonggou [‘One Belt and One Road’ and the Reshaping of China’s Geopolitical and Goeconomic Strategy]”, *World Economics and Politics*, No. 10, 2015, pp.30-59; Wei Long and Wang Lei, “Cong Qianru quanqiujiashilian dao zhudao quyujiazhilian [From Embedding

reshaped the expectations of Chinese people for foreign policy and national interests, especially the rising nationalism, which makes China more sensitive to the issues of core interests. Considering Chinese special social institutions and ideology, according to Jessica Chen Weiss's research, the CPC would also use rising nationalism to deal with traditional security issues such as territorial issues more forcefully and increase the credibility of its tough stance.¹⁴ Especially in the political crisis management, the Chinese government knows how to use public opinion, even after irrational calculation, to implement more firm standing and force the other parties in crisis to compromise.¹⁵ However, some scholars distinguish the differences between general nationalism and patriotism education implemented by the Chinese government, and believe that the adjustment of foreign policy is not limited to domestic public opinion.¹⁶ But some scholars also think that Chinese increasingly tough foreign policy has little to do with the rising nationalism today, and that it just exaggerates the linear relationship between the two factors.¹⁷ Although it is similar to the conclusion drawn from the perspective of power transition that China is now paying more and more attention to relative gains, more and more assertive foreign policies are caused by the dual levels of economic and social factors, and are the results of Chinese active adjustment.

The third path of explanation lies in the adjustment of Chinese foreign policy caused by the change of its own position or the perception of the international system. This is related to the change of China's leaders and the reorientation Chinese role in international system after the growth of its own national strength. From the perspective, although there are structural contradictions in the system and spillovers at the domestic level, considering the close relationship between foreign policy and decision-makers and the centralized decision-making mode in China, there is a close relation between the adjustment of foreign policy and the change of CPC leaders, such as some research on "China dream".¹⁸ Some scholars also emphasized the relationship between Xi Jinping's personal experience and his assumption since 2012.¹⁹ What's more, from the national

Global Value Chains to Leading Regional Value Chains: The Economic Feasibility Analysis of the 'One Belt and One Road' Strategy], *Journal of International Trade*, No.5, 2016, pp.104-115.

¹⁴ Jessica Chen Weiss, "Authoritarian Signaling, Mass Audiences, and Nationalist Protest in China", *International Organization*, Vol.67, No.1, pp.1-35.

¹⁵ Kai Quek and Alastair Iain Johnston, "Can China Back Down? Crisis De-escalation in the Shadow of Popular Opposition", *International Security*, Vol. 42, No. 3, 2017, pp.7-36.

¹⁶ Suisheng Zhao, "Foreign Policy Implications of Chinese Nationalism Revisited: The Strident Turn", *Journal of Contemporary China*, Vol.22, Iss.82, 2013, pp.535-553; Brian C. Rathbun, "Chinese Attitudes toward Americans and Themselves: Is There a Relationship?" in Alastair Iain Johnston and Shen Mingming, eds., *Perception and Misperception in American and Chinese Views of the Other*, Washington, D.C.: Carnegie Endowment for International Peace, 2015, pp. 9-21.

¹⁷ Alastair Iain Johnston, "Is Chinese Nationalism Rising? Evidence from Beijing", *International Security*, Vol. 41, No. 3, 2016, pp.7-43.

¹⁸ Thomas Heberer, "China in 2013: The Chinese Dream's Domestic and Foreign Policy Shifts", *Asian Survey*, Vol. 54, No. 1, 2014, pp.113-128; Angela Poh and Mingjiang Li, "A China in Transition: The Rhetoric and Substance of Chinese Foreign Policy under Xi Jinping", *Asian Security*, Vol.13, No.2, 2017, pp.84-97.

¹⁹ Lanxin Xiang, "Xi's Dream and China's Future", *Survival*, Vol.58, No.3, 2016, pp.53-62; Zhang Qingmin, "Lingdaoren rengaotedian yu zhongguowaijiao yanjiu [Bridging Leaders' Personality and China's Foreign Policy Studies], *World Economics and*

level, although China is now deeply integrated into the process of globalization, the adjustment of foreign policy based on China's unique culture is also noteworthy, which means that Chinese vision of the international system for the future is different from that of the United States.²⁰ However, given that China is a rising power with multiple identities (the largest developing country, permanent member of the UN Security Council, socialist nation, potential rising power and so on), there are some internal contradictions in Chinese foreign policy.²¹ But it is undeniable that the ultimate aim of Chinese current foreign policy is to change the unbalanced distribution of material capability, pursue the better international status and reshape the international system.²²

Therefore, these research methods could also be seen as the concrete explanation of the three paradigms of IR Theory—Realism, Liberalism and Constructivism. However, different from liberalism which emphasizes institutions and domestic environment, this paper still holds the view that the decisive factor of Chinese foreign policy lies in the external factors, that is, international system, rather than those institutional factors. At the same time, different from the constructivism that emphasizes shared knowledge and norms, though these cultural variables have an important impact on the whole international system and Chinese foreign policy, there is no obvious difference between the international system after the 2008 financial crisis and the one dominated by the United States after World War II. In addition, the research period of this paper is about a decade. In such a relative short period for the great power, only the redistribution of national interests under the influence of system factors (NRT's proposition) is the core of this paper, which focuses on the interactive relations between the adjustment of Chinese foreign policy and the Asia-Pacific order.

Based on the above research perspectives, most of them adopt a single research path, trying to simplify the decision-making process of Chinese foreign policy, or adopting the research logic of one-sided causal mechanism. However, the cross-level research on the adjustment of Chinese foreign policy is in pursuit of complexity, especially for Neoclassical Realist Theory. Only by combining systemic imperatives with domestic intervening key variables could we analyze the adjustment of Chinese foreign policy since 2008.

Politics, No.6, 2014, pp.93-119.

²⁰ Zhang Feng, "The Rise of Chinese Exceptionalism in International Relations", *European Journal of International Relations*, Vol. 19, No. 2, 2013, pp. 305-328.

²¹ David Shambaugh, "Coping with a Conflicted China", *The Washington Quarterly*, Vol. 34, No. 1, 2011, pp. 7-27.

²² Yong Deng, *China's Struggle for Status: The Realignment of International Relations*, Cambridge: Cambridge University Press, 2008.

1.2 NRT as a Theory of Foreign Policy

Since the 1990s, in addition to the theoretical debate among the three theoretical paradigms of realism, liberalism and constructivism, realism has faced internal differentiation. Realist scholars deeply discussed that three major changes in the field of international politics dominated the development of realism, after the end of World War II, namely, the emergence of bipolar system, nuclear weapons, and the reduction of wars between developed countries.²³ After the collapse of the Soviet Union and the disappearance of check and balance, the United States became the only hegemonic power in the international system, and did not produce an alliance to check and balance American hegemony after the cold war which is expected by structural realism. It is realism itself that did not expect the end of the cold war and put realism in crisis, even some scholars believed that there are no realists after the cold war.²⁴ However, it cannot be ignored that realism still has some new development after the cold war. In addition to offensive realism and defensive realism, there is also Neoclassical Realism which aims to reveal the analysis of foreign policy or grand strategy for specific countries. As a new development of foreign policy theory, the emergence of Neoclassical Realist Theory (NRT) effectively complements the problem that structural realism has explanatory deficiencies on foreign policy for specific nations, especially the great powers in the international system. On the basis of expounding the possibility of analyzing foreign policy of Structural Realism, this section analyzes the inheritance and development of NRT and structural realism in foreign policy analysis, as well as the views on cross-level analysis.

The knowledge production mechanism in International Relations should not be limited to a fixed disciplinary interpretation path, and there are four parts according to Leggold: general theory, issue-oriented puzzles, case-oriented puzzles and policy making.²⁵ According to this classification, Structural Realism belongs to the category of general theory, while the NRT emerging after the cold war is between issue-oriented puzzles and policy making. Therefore, Structural Realism and NRT belong to realism, and there are similarities in the three aspects of foundation, core concept and analysis unit, but they are in different theoretical positioning. Kenneth Waltz established Structural Realism²⁶ with the structure of the international system as the core, which aims to form a general theoretical paradigm to explain the changes of the international system

²³ Robert Jerivs, "Realism in the Study of World Politics", *International Organization*, Vol.52, No.4, 1998, pp.984-985.

²⁴ Jeffrey W. Legro and Andrew Moravcsik, "Is Anybody Still a Realist?", *International Security*, Vol.42, No.2, 1999, pp.5-55.

²⁵ Joseph Leggold, "Is Anyone Listening? International Relations Theory and the Problem of Policy Relevance", *Political Science Quarterly*, Vol.113, No.1, 1998, pp. 43-62; Alan C. Lamborn, "Theory and the Politics in World Politics", *International Studies Quarterly*, Vol. 41, No. 2, 1997, pp.187-214.

²⁶ Structural Realism is also known as Neorealism, but it is easy to be confused with Neoclassical Realism in this paper, so this paper chooses the name of Structural Realism.

by using the rational actor hypothesis of economics; and NRT, as one of the development trends of “minimum realism”, aims to supplement Structural Realism from the perspective of foreign policy analysis.

The term “Neoclassical Realist Theory” was first proposed by Gideon Rose in 1998.²⁷ After the end of the cold war, the cross-level research path, which combines the international system level with the domestic level, has gradually become the most active branch of realism, mainly based on the empirical research on the foreign policy of the big powers.²⁸ At the beginning of the theory, NRT did not have a fixed theoretical proposition in a strict sense, but shared the similar research method, that is, considering the reasons at the international system level and the intervening variables at the domestic level, combining the two levels to study the foreign policy of a specific country. Therefore, the research results mentioned above mainly focus on the analysis of the different and case studies that cannot be explained in Structural Realism, and it is difficult to form a unified research principle.²⁹ NRT inherits the research method of Classical Realism, that is, reconsidering the domestic factors in the explanatory variables, and focusing on the two-tier game process in the analysis level (For this point, because Structural Realism emphasizes the simplicity of theory, only selects structure in international system as the single dependent variable, and regards all countries as single and homogeneous actors).³⁰ Therefore, NRT not only accepts the assumption of international system and structure in Structural Realism, but also takes into account the domestic level of Classical Realism. Combining the two theories has become the main research method to analyze the adjustment of national foreign policy. But in the construction of foreign policy theory, there are still some other shortcomings.

The exploration of foreign policy theory has existed for a long period before the emergence of NRT, but the results are limited. First of all, as a branch of the IR theory, its greater significance lies in the perspective of theoretical construction, which emphasizes the role of actors in foreign policy-making at the national level, especially the exploration of domestic variables.³¹ However, the analysis of foreign policy is extremely easy

²⁷ Gideon Rose, “Neoclassical Realism and Theories of Foreign Policy”, *World Politics*, Vol.51, No.1, 1998, pp. 144–177.

²⁸ On some important several studies that combine international system with domestic factors, see Fareed Zakaria, *From Wealth to Power: The Unusual Origins of Americas World Role*, Princeton: Princeton University Press, 1998; William C. Wohlforth, *The Elusive Balance: Power and Perceptions during the Cold War*, Ithaca, N.Y.: Cornell University Press, 1993; Randall L. Schweller, *Deadly Imbalances: Tripolarity and Hitlers Strategy of World Conquest*, New York: Columbia University Press, 1998; Thomas J. Christensen, *Useful Adversaries: Grand Strategy, Domestic Mobilization, and Sino-American Conflict, 1947-1958*, Princeton: Princeton University Press, 1996; Michael E. Brown et al., eds. *The Perils of Anarchy: Contemporary Realism and International Security*, Cambridge: MIT Press, 1995.

²⁹ Brian Rathbun, “A Rose by Any Other Name: Neoclassical Realism as the Logical and Necessary Extension of Structural Realism”, *Security Studies*, Vol.17, No.2., April 2008, pp.294-321.

³⁰ On the distinguish between Classical Realism, Structural Realism and Neoclassical Realism, see Steven E. Lobell, Norrin M. Ripsman and Jeffrey W. Taliaferro, eds., *Neoclassical Realism, the State, and Foreign Policy*, New York. Cambridge University Press, 2009, pp.13-20.

³¹ Valerie M. Hudson, “Foreign Policy Analysis: Actor-Specific Theory and the Ground of International Relations”, *Foreign Policy Analysis*, Vol.1, No.1 2005, pp.1-30; Juliet Kaarbo, “A Foreign Policy Analysis Perspective on the Domestic Politics Turn in IR Theory”, *International Studies Review*, Vol.17, No.2, June 2015, pp.189-216.

to fall into the specific case analysis, and cannot summarize the theoretical framework of the universal law. The main focus of foreign policy analysis focuses on the relations between foreign institutions and country, the relationship between the public and elite decision-makers, the change of organizational decision-making process, the effectiveness of leader's personal psychological activities on policy-making, and so on.³² These studies have not formed a general summary, especially the lack of a universal theoretical framework.³³ However, the emergence of NRT makes it possible for the theorization of foreign policy analysis to find a suitable development path. Through the cross-level research, it is possible to summarize the general framework as the international system is better combined with the domestic specific situation.

At the same time, another important question arises: why is Structural Realism, which shares some similar assumptions with NRT, not suitable for foreign policy analysis?

Even though the analysis of foreign policy is not the purpose of Kenneth Waltz to establish Structural Realism, it does not prevent the application of this theory to the foreign policy of a specific country. From the perspective of system determinism, the internal differences between countries are relatively unimportant, because the strong and direct pressure from the international system would make countries take similar actions in similar situations, regardless of their own domestic characteristics. In order to understand why a country takes a particular action, scholars should first examine the relative material capability and external environment of the country, because these factors would determine the way how the country protects its own interests.³⁴

In fact, the distinction between the approach to the study of international politics theory and the theory of foreign policy is the theoretical premise of Structural Realism. For the founder of the theory, Kenneth believes that international politics theory tries to explain the persistent and recurring patterns in the international system, while foreign policy theory studies the specific behaviors and differences of individual countries.³⁵ He also made it clear that Structural Realism is not a foreign policy theory, because the object of Structural Realism is the reasons why different countries have similar behaviors when their positions in the system are roughly the same, as well as the resulting repeated international results (such as world war and balance of power); and the variables involved in foreign policy include many variables at the domestic level. Therefore, the theorization of foreign policy is a difficult task.³⁶ In addition to the case study, the other reason

³² On the analysis of foreign policy, see Hill Christopher, *The Changing Politics of Foreign Policy*, New York: Palgrave MacMillan, 2003.

³³ Valerie Hudson and Mershon Christopher, "Foreign Policy Analysis Yesterday, Today and Tomorrow", *International Studies Review*, Vol.39, No.2, 1995, pp.209-238.

³⁴ See Gideon Rose, "Neoclassical Realism and Theories of Foreign Policy," *World Politics*, Vol.51, No.1, 1998, pp. 144-172.

³⁵ Kenneth N. Waltz, *Theory of International Politics*, New York: McGraw Hill, 1979, p.72.

³⁶ Kenneth N. Waltz, "International Politics Is Not Foreign Policy", *Security Studies*, Vol.6, No.1, 1996, pp.54-57.

is that the theory is not just a simple accumulation of facts or knowledge, but uses a fixed logical relationship to integrate knowledge, and then becomes a causal mechanism. It is the very different division between international politics theory and foreign policy theory that leads to the division between Structural Realism and foreign policy theory.³⁷

However, some other realists, especially neoclassical realists, believe that international politics theory and foreign policy theory cannot be completely separated. The boundary between them is vague, because the change of foreign policy and the adjustment of international system are the results of the behavior of nation-state. Therefore, NRT also appears in opposition to Structural Realism, and many scholars turn foreign policy theory into their own research topic. For example, Jeffrey believes that the difference between Structural Realism and NRT lies in the difference of dependent variables. The former explains the results of the international system, while the latter explains the disagreements, preferences and consequences of specific countries in different historical backgrounds.³⁸ Especially with the assistance of the wave of cross-level research, the combination of international system and domestic variables has been developed. Zakaria thinks that a good foreign policy theory should answer what kind of influence the international system has on national behavior, because the most powerful general feature of country in international relations is its relative position in the international system. However, what needs to be analyzed is how the system pressure is transmitted through the cognition of decision-makers and the actor level elements of domestic political structure.³⁹ According to the different development stages of time, NRT is also developing in the direction of theorization and simplification. It is worth noting that the emergence of NRT is not to analyze the foreign policy, but to supplement the explanatory power of Structural Realism. This means that NRT is still based on the international system rather than domestic variables. This point has been emphasized in the Type III Neoclassical Realist Theory, but not mentioned in Type I and Type II NRT. It is only a combination of structural elements and domestic variables.⁴⁰ The Type I NRT comes from Gideon Rose's commentary article.⁴¹ In this paper, Gideon summarizes the monographs of Zakaria, Wohlforth, Schweller, Christensen and others, and believes that only by combining structural causes with domestic variables can we interpret the changes of

³⁷ On whether Structural Realism is applicable to the theory of foreign policy, see the debate between Colin Elman and Kenneth Waltz: Colin Elman, "Horse for Course: Why Not Neorealist Theories of Foreign Policy?", *Security Studies*, Vol.6, No.1, 1996, pp.7-53; Kenneth N. Waltz, "International Politics is Not for Foreign Policy", *Security Studies*, Vol.6, No.1, 1996, pp.54-57; Colin Elman, "Cause, Effect, and Consistency: A Response to Kenneth Waltz", *Security Studies*, Vol.6, No.1, 1996, pp.58-61.

³⁸ Jeffrey W. Taliaferro, "State Building for Future Wars: Neoclassical Realism and the Resource-Extractive State", *Security Studies*, Vol. 15, No.3, 2006, p.481.

³⁹ Fareed Zakaria, Realism and Domestic Politics: A Review Essay, *International Security*, Vol.17, No.1, 1992, p.197.

⁴⁰ Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, *Neoclassical Realist Theory of International Politics*, New York: Oxford University Press, 2016, pp.25-31.

⁴¹ Gideon Rose, "Neoclassical Realism and Theories of Foreign Policy", *World Politics*, Vol.51, No.1, 1998, pp. 144-177.

national foreign policy, which is also different from Waltz's *Theory of International Politics*. The Type I NRT is a supplement to Structural Realism. Its basic logic is simple and clear, and its research method is to use historical cases to test the theoretical model. So, "Neoclassical realist theories are useful only to accommodate and explain rare and surprising cases of deviance from structural realist expectations."⁴² Neoclassical realists also recognize the problem of Type I NRT. The only way to realize the theorization of foreign policy is to build a unified theoretical framework. Therefore, For Type II NRT, some scholars turn their attention to the choice of foreign policy and the adjustment of grand strategy, rather than limited to abnormal case studies. In Type II NRT research program, when the international environment does not provide a clear and urgent threat, actors usually choose among many policy options.⁴³ In this research path, although there is still no unified theoretical framework, but it still jumps out of the limit of Structural Realism.⁴⁴ However, most of the works take the international system or external threats as the background to study the strategic choice of countries, and the role of structure as a dependent variable is weakened. The publication of *Neoclassical Realist Theory of International Politics* officially marks the emergence of the Type III Neoclassical Realist Theory.

Type III NRT reemphasizes the importance of the structure of international system as dependent variable and domestic variables as intermediary variable. The analysis model is established from three steps of perception, decision making and policy implementation. In the theoretical program of the Type III NRT, the grand strategy, military policy, foreign economic policy, alliance preference and crisis management of a specific country are all included in the scope of study, and the internal public cohesion, elite group, national capacity and its resource motivation capacity are all variables. The theorization of foreign policy analysis has made substantial progress.

To sum up, the Neoclassical Realist Theory that is developed after the cold war attempts to combine the system level incentives with the national level elements, which is the main feature of the theory for foreign policy analysis. On the one hand, the traditional research on foreign policy is mainly based on the domestic political level; on the other hand, Structural Realism, which is based on the system-level construction theory, opposes using it as a theory to analyze foreign policy. However, it is impossible for the national foreign policy

⁴² Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, *Neoclassical Realist Theory of International Politics*, New York: Oxford University Press, 2016, p.29.

⁴³ Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, "The Future of Neoclassical Realism", in *Neoclassical, the State, and Foreign Policy*, ed. Steven E. Lobell, Norrin M. Ripsman, and Jeffrey W. Taliaferro, Cambridge: Cambridge University Press, 2009, pp.280-290.

⁴⁴ On the Type II Neoclassical Realist Theory, see Steven E. Lobell, *The Challenge of Hegemony: Grand Strategy, Trade, and Domestic Politics*, Ann Arbor: University of Michigan Press, 2003; Jeffrey W. Taliaferro, *Balancing Risks: Great Power Intervention in the Periphery*, Ithaca: Cornell University Press, 2004; Randall L. Schweller, *Unanswered Threat: Political Constraints on the Balance of Power*, Princeton: Princeton University Press, 2006; Colin Dueck, *Reluctant Crusaders: Power, Culture, and Change in American Grand Strategy*, Princeton: Princeton University Press, 2006; Jason W. Davidson, *The Origins of Revisionist and State Que States*, New York: Palgrave Macmillan, 2006.

to completely separate the influencing factors at the system and unit levels but construct the connection between them. Therefore, unifying it into the interpretation of foreign policy has become the core issue of NRT.

1.3 The Logical Construction of Type III NRT as a Research Paradigm

As mentioned in the research program of Neoclassical Realist Theory introduced in the previous section, the analysis of foreign policy needs to combine systemic incentives with domestic elements. In Type III NRT, it reemphasizes the international system ignored by the Type II NRT, and takes it as the starting point of research. In terms of the choice of dependent variables, NRT also extends the time dimension from short-term crisis management and control (such as the territorial dispute between China and Japan over the Diaoyu Islands⁴⁵) to long-term grand strategic research. Therefore, Type III NRT is constructed from three aspects: the international system as an independent variable, the adjustment of state behaviors as a dependent variable, and the selection of intermediary variables.⁴⁶ Although the Type III NRT accepted the assumption of Structural Realism about the structure in international system as the starting point of research, it abandoned the assumption of simplicity of international system and structure to a certain extent and made a concrete interpretation of the independent variable. On the definition of the international system itself, Type III NRT recognizes that the structure defines the policy options of the actors and the anarchy of the system, but it thinks that the Structural Realism only pays attention to the vertical dimension between the system and the actors but ignores horizontal dimension. Therefore, Type III NRT accepted Robert Jervis's assumption of the international system, "We are dealing with a system when (a) a set of units or elements is so interconnected that changes in some elements or their relations produce changes in other parts of the system, and (b) the entire system exhibits properties and behaviors that are different from those of the parts."⁴⁷ In this definition, we should consider not only the distribution of material capability, but also the non-linear and unconscious behaviors caused by actors in the international system. In the international system, Waltz considers the principle of order (anarchy) and the same functional differences between actors, so he only takes the

⁴⁵ Zuo Xiying, "Zhongguo zai diaoyudao zhengduan de zhanluedongyuan [China's Strategic Mobilization in the Diaoyu Islands Dispute]", *Foreign Affairs Review*, No.2, 2014, pp.35-54.

⁴⁶ On the Type III Neoclassical Realist Theory, see Steven E. Lobell, Norrin M. Ripsman and Jeffrey W. Taliaferro, eds., *Neoclassical Realism, the State, and Foreign Policy*, Cambridge: Cambridge University Press, 2009; Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, *Neoclassical Realist Theory of International Politics*, New York: Oxford University Press, 2016.

⁴⁷ Robert Jervis, *System Effects: Complexity in Political and Social Life*, Princeton, NJ: Princeton University Press, 1997, p. 6.

distribution of relative capability among actors as the only variable.⁴⁸ However, in the eyes of NRT, the definition of structure is too narrow, so Glenn Snyder created and used the term “structural modifier”⁴⁹, such as geographical factors, science and technology. In the Type III NRT, this factor is defined as “a class of material variables at the level of the international system or a regional subsystem, but which are not structural.”⁵⁰ Under the adjustment of this factor, different countries have different perceptions of system stimuli, and even in the same regions, the countries are under different pressure from the system. For example, North Korea and China are East Asian countries, but because of the different economic volume and geographical location, they also have different perceptions about system pressure. This is the difference between structural modifier and structure in Structural Realism.

Therefore, in addition to the relative distribution of power, which is still emphasized by Structural Realism, NRT also pays special attention to the signals and information transmitted by the international system to nations, and regards them as key systemic variable.⁵¹ These signals can be divided into clarity and permissive/restrictive strategic environment and these two systemic variables constitute the systemic stimuli perceived by the actors.⁵² As for the clarity conveyed by the international system, it mainly includes distinguishing threats and opportunities, the time range provided by the system and the identifiability of optimal policies. Therefore, when the clarity of the system faced by actors is high enough, it would be easier for the government to choose the best strategy; on the contrary, serious differences among different social groups would lead to low efficiency of government decision-making.⁵³ On the strategic environment, in *Neoclassical Realist Theory of International Politics*, it is divided into two different kinds: inclusiveness and restraint. The distinction between these two strategic environments is closely related to the urgency of opportunities or threats faced by actors. The typical case of the restrictive strategic environment is the Cuban missile crisis. Facing the unprecedented nuclear war, both the United States and the Soviet Union needed to make prudent decisions. At this time, the strategic goal from the social level to the interest groups are the same,

⁴⁸ Kenneth N. Waltz, *Theory of International Politics*, New York: McGraw Hill, 1979, pp.88-99.

⁴⁹ Glenn H. Snyder, “Process Variables in Neorealist Theory,” in *Realism: Restatement and Renewal*, ed. Benjamin Frankel, London: Frank Cass, 1996, pp. 173–193.

⁵⁰ Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, *Neoclassical Realist Theory of International Politics*, New York: Oxford University Press, 2016, p.40.

⁵¹ Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, “Conclusion: The State of Neoclassical Realism”, in *Neoclassical, the State, and Foreign Policy*, ed. Steven E. Lobell, Norrin M. Ripsman, and Jeffrey W. Taliaferro, Cambridge: Cambridge University Press, 2009, pp.282-287.

⁵² Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, *Neoclassical Realist Theory of International Politics*, New York: Oxford University Press, 2016, pp.46-57.

⁵³ Norrin M. Ripsman, “Neoclassical Realism and Domestic Interest Groups,” in *Neoclassical Realism, the State, and Foreign Policy*, ed. Steven E. Lobell, Norrin M. Ripsman, and Jeffrey W. Taliaferro, Cambridge: Cambridge University Press, 2009, pp. 170–193; Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, *Neoclassical Realist Theory of International Politics*, New York: Oxford University Press, 2016, p.50.

that is, to avoid the outbreak of nuclear war. This global crisis is urgent while its goal is clear. In a word, NRT transforms Structural Realism in the selection of independent variables, which not only increases the connotation of structural factors, but also clarifies the two important explanatory variables of system clarity and strategic environment, so that it can more specifically analyze the trend of national foreign policy.

It is after the concretization of the system and the international environment that the explanation of the dependent variable, that is, the choice of state behavior, becomes possible. In the Type I and Type II NRT, the cross-level research approach can explain not only the short-term crisis, but also the national response to the potential change of state status due to the power transition. But for long-term strategic planning, even systemic results, they are supplemented in Type III NRT because they believe that the strategic interaction of the great powers (poles) in the international system would affect the international results, even structural changes. Therefore, the boundary between international politics theory and foreign policy theory is blurred, and even the two theories are complementary.⁵⁴ Therefore, from the perspective of the Type III NRT, according to the time range of the independent variables, the analysis of the dependent variables can be divided into crisis decision-making, foreign policy, grand strategic adjustment, and even systemic outcomes. Therefore, for researchers, the choice of dependent variables mainly comes from their own empirical puzzles, especially the grasp of the time range is extremely important. Only by choosing the appropriate dependent variable can we select the appropriate case and research method.⁵⁵ For example, Liu Feng, a Chinese scholar, analyzes the policy responses of small East Asian countries to China's peaceful rise by using the research path of NRT in a paper, which is the dependent variable he selected. In addition, it abandons the dichotomy of "balancing" and "banding" in response to hegemonic threats, and selects the variable of "national preference" (autonomy security welfare trade-off) to explain the policy choices of East Asian countries towards China. According to the weak antagonism and cultural similarity in East Asia, it is considered that there is a linear relationship between the bilateral relations between China and the United States and the strategic choice of East Asian countries. That is to say, when the relations between China and the United States are relaxed, East Asian countries tend to contact or even cooperate with China. On the contrary, they would choose to restrict, prevent or even check China's rise together with the United States according to the severity.⁵⁶

Therefore, both the specific explanation of the independent variable (international system) and the

⁵⁴ Juliet Kaarbo, "A Foreign Policy Analysis Perspective on the Domestic Politics Turn in IR Theory," *International Studies Review*, Vol. 17, No. 2, 2015, pp. 189–216.

⁵⁵ On the comments about different dependent variables, see Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, *Neoclassical Realist Theory of International Politics*, New York: Oxford University Press, 2016, pp.110-113.

⁵⁶ Liu Feng, Chen Zhirui, "Dongyaguojia yingdui zhongguojueqi de zhanlue xuanze: yizhong xingudianxianshizhuyi de jieshi [East Asian Responses to the Rise of China: A Neoclassical Realist Explanation]," *Journal of Contemporary Asia-Pacific Studies*, No.4, 2015, pp.4-25.

expansion of the selection range of the dependent variable go beyond Structural Realism and strengthen the explanation of foreign policy theory. Therefore, in specific cases, after defining the scope of dependent variables, we need to select domestic intervening variables according to the national characteristics and time range, so as to improve the whole logical chain according to NRT.

1.4 Intervening Variables and Methodology

The Type III NRT surpasses the previous cross-level research by standardizing the selection of intervening variables and making it a relative universal analytical framework. Therefore, this section would focus on the selection of appropriate intervening variables and methodology for Chinese foreign policy, and use the research path of NRT to analyze the adjustment of Chinese foreign policy.

First of all, the Type III NRT divides the decision-making process into three parts: perception, decision making and policy implementation, and selects four domestic intermediary variables (leader image, strategic culture, state-society relations and domestic institutions) to analyze the adjustment of foreign policy. However, they also think that the effects of these four different domestic variables are different in different time dimensions, so researchers need to make their own judgment and their puzzles.⁵⁷

As far as the time period of this study (2008-2020) is concerned, this is still a short-term foreign policy adjustment, so there is no change in domestic institutions, state-society relations even strategic culture in China in the short term. Therefore, the leader image has gained a prominent position in the adjustment of Chinese foreign policy, that is, the “operational codes” of leaders guide foreign policy.⁵⁸

In addition, another key intervening variable, namely domestic trade expectation, is added to the study, which plays the similar role together with the leader image. The term is extracted from Dale Copeland’s trade expectation theory proposed in *Economic Interdependence and War*. Copeland believes that the deepening of economic interdependence would make both sides pay attention to absolute gains, but once there is conflict of security interests, it would use asymmetric dependence to intensify conflicts, leading to the outbreak of preventive war, namely “trade-security dilemma”.⁵⁹ Therefore, after the integration of liberalism and realism, Copeland adopts a dynamic perspective, and believes that what determines the adjustment to a foreign strategy

⁵⁷ Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, *Neoclassical Realist Theory of International Politics*, New York: Oxford University Press, 2016, pp.58-61.

⁵⁸ Jack S. Levy, “Psychology and Foreign Policy Decision-Making,” in *The Oxford Handbook of Political Psychology*, ed. Leonie Huddy, David O. Sears, and Jack S. Levy, 2nd ed., New York: Oxford University Press, 2013, p. 307.

⁵⁹ Dale C. Copeland, *Economic Interdependence and War*, Princeton, NJ: Princeton University Press, 2015, pp.8-28.

is a national trade expectations for the future, especially the investment environment, such as Germany during World War I or Japan's bombing of Pearl Harbor in the United States during World War II. Once they are pessimistic about their own trade expectations, they would take strategic adjustment or even take hot war to change the situation. Therefore, when a country chooses between moderate and radical policies, it should not only consider the degree of dependence, but also calculate the comparison between the overall expected value of peaceful trade and the value of choosing radical means. So, "the fact that the expected value of trade can be negative even if present trade is high, due to low expectations for future trade, goes a long way toward resolving."⁶⁰ The introduction of the key variable "trade expectation" can explain why China still chooses to take radical measures, especially in the South China Sea, when the Sino-US trade friction continues to rise. After the Obama administration announced "returning to Asia Pacific" and "Indo-Pacific strategy", this trend became more and more obvious, because America believed that its trade expectations (investment environment) had decline but China have kept positive to its trade expectation, especially after the Trump administration's Sino-US trade war.

Therefore, this paper chooses to combine the two key intervening variables of leader image and trade expectation, and still takes the system stimuli as the dependent variable to explore the adjustment of Chinese foreign policy in the past decade or so.

As far as the research methodology of the Type III NRT is concerned, the theory of universal interpretation is not the focus of the theoretical framework, but the research path of causes of effects based on appropriate research problems or puzzles.⁶¹ Based on the Type III NRT, this paper puts forward an analytical framework. The starting point of the research is how Chinese foreign policy adjusted since 2008. More importantly, it is necessary to analyze the reasons and solve the puzzle. Apart from the independent variables (system stimuli and strategic environment) and the two intervening variables selected according to the specific domestic situation in China, the factors connecting these variables are the regional pressure of the Asia-Pacific region, rather than the general system stimulus (which would be explained in detail in Chapter 2). Therefore, this is not only the concretization of domestic intervening variables, but also the concretization of the international environment. As for the analysis of Chinese foreign policy, more attention should be paid to Chinese behavior rather than just summarizing Chinese foreign discourse just like many domestic scholars. This is not only the transcendence of the Type III NRT, but also the summary of the existing research perspectives. The purpose

⁶⁰ Dale C. Copeland, *Economic Interdependence and War*, Princeton, NJ: Princeton University Press, 2015, p.37.

⁶¹ Dina A. Zinnes, "Three Puzzles in Search of a Researcher: Presidential Address," *International Studies Quarterly*, Vol. 24, No. 3, 1980, pp. 315–342; Gary Goertz and James Mahoney, *A Tale of Two Cultures: Qualitative and Quantitative Research in the Social Sciences*, Princeton, NJ: Princeton University Press, 2012.

of this paper is to analyze adjustment of Chinese foreign policy, rather than to establish a relatively universal theoretical framework, so it is not reproducible in qualitative research.

Here we can also make a necessary summary of the theoretical propositions of Neoclassical Realist Theory. Its core propositions can include two points. Firstly, the primary task of the national is to respond to the uncertainty of the external environment. Secondly, domestic politics limits the actor's capability to deal with this uncertainty. In fact, the uncertainty of the external environment includes both threats and opportunities, that is to say, the goal of the country is pluralistic, not to expand the interests of a certain aspect for the sake of security or power as advocated by offensive realism. Therefore, the rationality of the state is limited, and the resources that can be mobilized are also limited.

Chapter 2: The Transformation of Asia-Pacific Order and China's Systemic Stimuli

Based on the theoretical construction of NRT in the first chapter, this chapter mainly analyzes the independent variable of Chinese foreign policy, that is, the pressure in the international system. Different from the general discussion on the relationship between structure and state actors in international system, this paper analyzes the interaction between China and the Asia-Pacific regional order. This paper holds that the direct systemic stimuli which China perceives comes from the transformation or change of the order in the Asia-Pacific region, which is related to Chinese own material strength and national interests that China is concerned about. Since the 2008 financial crisis, the Asia-Pacific order has been in a state of complex interaction. There are potential conflicts between China and the United States due to Chinese rising economic power with the hub and spokes security alliance system that the United States relies about traditional security issues such as the North Korea nuclear issue, and territorial disputes in the South China Sea. However, from the perspective of regional order, the interaction between China and the United States is dominant, but other countries and regional organizations such as Japan, South Korea and ASEAN also limited the strategic misreading between China and the United States in their own ways. This chapter would focus on the analysis of the existing order in the Asia-Pacific region and the transformation caused by the dynamic and complex interaction between China and the United States. This chapter is divided into three sections. The first section analyzes the main features of the current Asia-Pacific order. The second section focuses on the American Asia-Pacific strategy after 2008, from the “Asia-Pacific rebalance” announced by the Obama administration to the “Indo-Pacific strategy”. The both American administrations shared some similar ideas to the regional order but there are some differences in their emphasis on China. It is undeniable that the American policies constitute the main source of China's perceive systemic pressure. The third section analyzes the system stimuli from the perspective of Type-III NRT. There are three aspects to analyze the pressure—relative distribution of power and polarity; clarity and strategic environment, and then draws the conclusion about the dependent variable, namely the main reasons of adjustment of Chinese foreign policy.

2.1 The “Multiplex” Order in the Asia-Pacific Region after 2008

At present, the Asia-Pacific region is in the process of power transition emphasized by Realism.

Compared with Latin America and Europe, the chain reaction caused by national power distribution in the Asia-Pacific region is particularly prominent. All kinds of signals with uncertainties are extremely easy to cause strategic misjudgment of the main actors in the region. Different IR theories also express different views on the prospects of this regional order, and draw inconsistent conclusions. Therefore, the premise of how to comprehensively view the features of the regional order, how to assess the peaceful rise of China with the policy response of the United States as the only hegemonic power in the region are to have a comprehensive perspective to analyze the overall trend of the region future since the financial crisis. The dynamic perspective and nonlinear logic are needed to analyze the new features of order in the Asia-Pacific region.

2.1.1 The Development of Asia-Pacific as a Concept

First of all, the concept of “Asia-Pacific region” needs to be defined and explained. The Asia-Pacific region is not only a geographical concept, but also a political concept. The evolution of the Asia-Pacific region can be summarized as the progress from “Asia + Pacific” to “Asia-Pacific”. Before World War II, the connection between the east coast and the west coast of the Pacific was mainly based on the capitalist colonial system and one-way “exploitation and exploited” relations, without any dual concept of geography and politics of “region”.

The turning point of this change is that the American security alliance system after World War II and the it is the economic interdependence of Japan, China, ASEAN and other countries that have made it possible for the Asia-Pacific region to establish more cooperation institutions. Geographically speaking, the Asia-Pacific region, in a broad sense, refers to the Pacific Rim region, mainly including East Asia (China, Japan, South Korea), small countries in Southeast Asia, Oceania (Australia, New Zealand, etc.), North America (such as the United States, Canada, Mexico, etc.) and South America (such as Chile, Brazil, Peru, etc.).

However, because of the confrontation between the United States and the USSR at the beginning of the cold war and the alliance system led by the United States, these countries were connected artificially. The emergence of “Asia-Pacific order” is due to the regional multilateral institutions established by economic cooperation. For example, the economic rising of Japan and the four little dragons in Asia (South Korea, Taiwan, Singapore, Hong Kong) relied on the advanced technology and capital of the United States; Since China’s reform and opening up, relying on Chinese huge market and cheap labor, it has rapidly accumulated economic material, which has made the Pacific Rim countries linked together through economic cooperation. The most remarkable is that in 1989, the countries in the Asia-Pacific region established the official

cooperation organization, the Asia Pacific Economic Cooperation (APEC). This indicates that countries in the Asia Pacific region, based on common economic interests, have gone beyond ideological and cultural constraints, and become cooperative relations, which could be called “Asia-Pacific” relations.

Therefore, the “region” in international relations is not only geographical, but also economic and political. The emergence of Asia-Pacific as a region is quite recent (after World War II) but develop very quickly. More importantly, in fact, its identity as a region mainly comes from geopolitical and geoeconomic considerations, rather than from the local consciousness based on homogeneity and common goals, and this identity is still in the process of evolution and further definition.⁶² However, it is undeniable that the Asia-Pacific order, as the systemic stimuli, has always restricted the foreign policy choices of countries in the region including China.

After the financial crisis in 2008, the Asia-Pacific order was formed by the close interactions between these regional actors (including sovereign countries and regional organizations). However, based on the comparison of the distribution of material strength, the core is the formal and informal institutional arrangements that the regional countries have reached around the distribution of interests, but the main interactive mode is based on the bilateral relations between China and the United States around the distribution of power with some restrictions from other countries in this region. The result is that a set of rules are formed to restrict and regulate their respective behaviors in bilateral and multilateral relations. In this complex interaction, the original unipolar arrangement or dual pattern of the Asia-Pacific region is unstable, but in a dynamic balance. In fact, in the process of competition even mutual balances between China and the United States, ASEAN, Japan, South Korea and other countries do not completely choose between relying on the United States for security and relying on China for economy, especially when the Trump administration tried to break the current arrangement of interests. Based on the thought of institutional hegemony, Ikenberry believes that, the security alliance system of “hub and spoke” led by the United States has always been the constant cornerstone of maintaining the stability of the Asia-Pacific region though the relations between East Asian countries have undergone various changes.⁶³

2.1.2 Multiplex Asia-Pacific Order

It is through this system that the complex political and economic interdependence between the regional

⁶² Michael Yahuda, *The International Politics of the Asia-Pacific*, 4th ed., London and New York: Routledge, 2011, pp.13-37.

⁶³ John G. Ikenberry, “American Hegemony and East Asian Order”, *Australian Journal of International Affairs*, Vol. 58, No.3, 2004, pp.353 – 367.

countries can be formed. China is also actively adapting to this distribution of interests, relying on its own huge economic potentiality. But the 2008 financial crisis broke this stable pattern. In addition to the limited domestic reform in financial industry of the Obama administration, China, whose economic power has been rising, has been pushed to the central position of the Asia-Pacific region to deal with the financial crisis at the G20 meetings held in November 2008 and April 2009. Meanwhile, after the Obama administration ended the anti-terrorism war in Afghanistan, it announced the policy of rebalancing to Asia. The United States wanted to rebuild the institutional arrangements on security structure in this region and tried to combine the allies in the Asia-Pacific region to restrict Chinese development by using exclusive institutional checks and balances.⁶⁴

The Trump administration, on the other hand, has taken a step closer, trying to reconstruct the interest structure of the Asia-Pacific region with directly using tariffs, science and technology and other means to impose unilateral sanctions, thus created more uncertain but preventable risks to the entire region. This is not only the interaction between actors in the system, but also the means by which hegemonic powers try to change the whole system according to its own willingness. And some scholars support this kind of restrictions on China. For example, Zakaria, the neoclassical realist, once wrote in *Washington Post* that China is now using its influence to force other countries in the region to choose between the existing order and new arrangements, which may create conditions for the new cold war in Asia.⁶⁵

However, although the change of order in the Asia-Pacific region is manifested in the uncertainty caused by the power transition, the deep-seated reason is the differences between China and the United States. There are different expectations for the institutional arrangements on the security and economic issues with different systems and cultures in the Asia-Pacific region based on the geopolitical separation of traditional sea power and traditional land power. Considering the above factors, it is difficult to analyze the current Asia-Pacific order from the single perspective because of the emergence of a composite structure in the Asia-Pacific region.

Amitav Acharya thinks that the power shift brings about the paradigm shift, and the result is the Consociational Security Order (CSO).⁶⁶ He also believes that compared with the “multipolar” trend in the Asia-Pacific region, “multiplex” is more in line with the current transformation of the Asia Pacific region.⁶⁷ Therefore, the next parts would analyze the features of the Asia Pacific region from the perspectives of

⁶⁴ He Kai, “Institutional Balancing and International Relations Theory: Economic Interdependence and Balance of Power Strategies in Southeast Asia”, *European Journal of International Relations*, Vol.14, No.3, 2008, pp. 489-518.

⁶⁵ Fareed Zakaria, “China’s Growing Clout”, *The Washington Post*, November 13, 2014, available at: http://www.washingtonpost.com/opinions/fareed-zakaria-chinas-growing-clout/2014/11/13/fe0481f6-6b74-11e4-a31c-77759f6eacc_story.html.

⁶⁶ Amitav Acharya, “Power Shift or Paradigm Shift? China’s Rise and Asia’s Emerging Security Order”, *International Studies Quarterly*, Vol. 58, Iss.1, 2014, pp.158-173.

⁶⁷ Amitav Acharya, *The End of American World Order*, Cambridge, and Malden: Polity Press, 2014, p.9.

geopolitics, dynamic dual structure, and institutional competition.

2.1.3 Geopolitical Factors in the Order of Asia-Pacific Region

First, the formation of the Asia-Pacific region order is determined by the distribution of power and interests, and geopolitics directly affects these distributions. The consolidation of interests brought by geopolitics has directly become the security bottleneck of the Asia-Pacific order. Generally speaking, China as the traditional land power and the United States as the sea power, the geopolitical dislocation in the Asia-Pacific region is conducive to the stability of the situation.⁶⁸ However, it is the internal antagonism caused by the difference of national interests and the economic interdependence caused by globalization that led to the irreconcilable contradiction between China and the United States. Some scholars call this kind of relations as “divided continental-maritime order”.⁶⁹ The result of this circumstance is that the United States has strategic doubts about China, especially Chinese had more and more active policies to neighborhood environment in recent years.

In the military field, the United States believes that the increasing military power of China not only makes the long-standing conventional military balance between Chinese mainland and Taiwan fully benefit the former, but also Chinese mainland’s military ability to develop “anti-intervention” and “regional refusal” in the South China Sea and the Taiwan Strait region poses a threat to the American military superiority and military capability in the Western Pacific region.⁷⁰ Since 2010, in the background of the escalation of disputes between the Diaoyu Islands and the South China Sea, Chinese military capacity-building has been particularly prominent in the maritime field. In addition to the historical territorial disputes, Chinese measures such as the establishment of Air Defense Identification Zone in the East China Sea made the United States and other small Southeast Asian countries believed that China was trying to change the status quo of the regional order, which easily led to “security dilemma”. It could be seen that the current changes in the balance of material strength and policy adjustments in the Asia-Pacific region have led to the emergence of multiple geopolitical games (military competition between China and the United States, territorial disputes in China’s surrounding areas). The rising power of China expands its geopolitical influence and reshapes the geopolitical structure around it,

⁶⁸ Robert Ross, “The Geography of the Peace: East Asia in the Twenty-First Century”, *International Security*, Vol. 23, No.4, 1999, pp.81-118.

⁶⁹ Wei Zongyou, “Erzhanhou dongyazhixu-lishiyanjin yu zhuanxingpingjing [The Post-World WarIIEast Order: Historical Evolution and Transformation Bottlenecks]”, *Journal of Contemporary Asia-Pacific Studies*, No. 4, 2015, pp.76-92.

⁷⁰ US Department of Defense, *Annual Report to Congress: Military and Security Development Involving the People’s Republic of China 2015*, April 2015, pp.31-43.

which would change and weaken the U.S. dominance of the regional geopolitical structure. The United States has increased its resource investment in the Asia-Pacific region and enhanced its security ties with some countries in the region, which consolidates the geopolitical status of the United States and aggravates the geopolitical competition between China and the United States. The balancing of some countries in this region against Chinese rising maintains even strengthens the influence of the United States on regional issues, and forces China to manage the more complex geopolitical challenges. Although the economic cooperation is progressing smoothly, the geopolitical competition in the Asia-Pacific region is intensifying with the rising risk of confrontation, and the negative situation of geopolitics is prominent after the financial crisis.

2.1.4 Asia-Pacific Order from the Dynamic Perspective

The emergence of dual structure (the balance of power between China and the United States and the separation of security issues and economic issues) is the result of competition among countries in the Asia-Pacific region. However, economic issues and security issues should also be dynamically linked together. What's more, the Asia-Pacific order should not be regarded as a static unipolar or Sino-US balance of power, but the transformation between “balance of power” and “hegemony”, or “incomplete hegemony”⁷¹ which is mentioned by Mastanduno.

The Asia-Pacific order is first and foremost an alliance system led by the United States which is mainly reflected in the existing regional order. Under the background of the rise of China's power and the rising normative power of ASEAN, the United States would continue to seek to maintain and consolidate its dominant position. Even when the United States gradually loses its power advantage, it would also strive to ensure its dominance of the rules. The bilateral alliance system is not only the most important strategic asset of the United States in the Asia-Pacific region, but also an important starting point for the construction of regional order.⁷² But at the same time, although Chinese overall military strength is less than that of the United States, relying on its own economic strength, it has successfully constructed an economic integration process independent of the United States, such as the Declaration on the Conduct of the South Chinese sea (DOC) established by China and ASEAN in 2002. Therefore, since the financial crisis in 2008, the complete

⁷¹ Michael Mastanduno, “Incomplete Hegemony and Security Order in the Asia-Pacific”, in John G. Ikenberry, ed., *America Unrivaled: The Future of the Balance of Power*, Ithaca: Cornell University Press, 2002, p.181.

⁷² John G. Ikenberry and Michael Mastanduno, “Images of Order in the Asia-Pacific and the Role of the United States”, in John G. Ikenberry and Michael Mastanduno, eds., *International Relations Theory and the Asia-Pacific*, 2003, pp.423 – 424.

hegemony with the United States as the only core has been broken and developed to partial hegemony.⁷³

What's more, the dualistic order of "relying on China economically and the United States for security" is also changing. Therefore, a complex and interdependent regional system is very likely to emerge in the Asia-Pacific region: it is not formed around security affairs (US security alliance), but based on the dense network of economic, technological, and other links among sovereign states in the era of globalization.⁷⁴ First of all, from the perspective of Chinese foreign policy, economic and security issues cannot be viewed separately. On the economic level, Chinese economic capability has been expanding, surpassing France, Britain, Germany, and Japan in 2005, 2006, 2007 and 2010, and leapt to the second largest economy in the world; At the same time, China has been sharing economic dividends with neighbors to actively promote economic integration. On the other hand, as a regional power, China is particularly good at dealing with security issues with its own economic advantages that could slow down the negative impact on economic stability due to the traditional security agenda such as territorial disputes and resource development through self-restraint and reassurance strategy.⁷⁵ China actively participates in the regional security dialogue and cooperation mechanism in order to ease the security conflicts and contradictions with its neighboring countries and maintain a benign security environment. For example, China has adopted the policy of "Gezhizhengyi, gongtongfazhan[setting aside dispute and pursuing joint development]" on issues related to territorial sovereignty disputes and traditional resource development, and generally maintains a high degree of self-restraint to show Chinese intention to rise peacefully.

From the perspective of IR theory, it is unrealistic for other countries in the Asia-Pacific region to choose different powers for linear thinking on economic issues and security issues. From the dynamic point of view, the dual pattern does not have the possibility of reality. Security and economy are interdependent. It is hard to imagine that a great power has the most material strength in the economic field, but it does not belong to the ranks of military powers; Similarly, it is hard to imagine a country with the most powerful military power in the world, but is economically weak. Even though the Soviet Union's economic structure was unbalanced and its economic strength declined in the late cold war, it still had a strong economic foundation. In fact, national economy, material strength and military capability are highly correlated and convertible. So, the economic leading country should be at least one of the many security center countries in terms of security; On the

⁷³ Liu Feng, "Dongyadiqu zhixuzhuanxing: anquan yu jingji guanlian de shijiao [Regional Order Transition in East Asia: A Security-Economy Nexus Perspective]", *World Economics and Politics*, No.5, 2016, pp.32-55.

⁷⁴ Shambaugh David, "Introduction: The Rise of China and Asia's New Dynamics". In Shambaugh David ed., *Power Shift: China and Asia's New Dynamics*, Berkeley; Los Angeles; London: University of California Press, 2005 pp.1-20.

⁷⁵ Mingjiang Li, "Explaining China's Proactive Engagement in Asia", in Shiping Tang, Mingjiang Li and Amitav Acharya, eds., *Living with China: Regional States and China Through Crises and Turning Points*, New York: Palgrave Macmillan, 2009, pp.17-36.

contrary, the security-dominant country could at least become one of the economic multipolarities. Therefore, while Chinese economic power is rising, it is reasonable to make its own voice in the field of security and try to reform the current interest structure in the Asia-Pacific region with its own expectations. Most scholars simply summarize the current Asia-Pacific order in the form of duality, ignoring its own complexity. Therefore, it is understandable that the United States defined China as the direct dangerous competitor as Russia in 2017.⁷⁶

2.1.5 The Contested Multilateralism in Asia-Pacific Order

Finally, the competition between China and the United States in the transformation of order in the Asia Pacific region would be carried out in the form of institutions, resulting in institutional balances with contested multilateralism. According to the theory of power transition, the sharp change of power between the hegemonic and the rising power would increase the possibility of conflict, although different opinions have different interpretations of the initiator of the conflict.⁷⁷ However, in terms of the future competition between China and the United States in the Asia-Pacific region, although conflicts of interest would increase, the outbreak of direct military conflicts does not occur because of the increasing economic interdependence in the era of globalization and both countries are legally nuclear weapon states. Coupled with the restrictions of multilateral institutions and organizations in the Asia-Pacific region, the competition and balancing between China and the United States are mainly carried out in the form of institutions. After the financial crisis, through the construction of a more stable multilateral system, China and the United States is different from the cooperation led by ASEAN and other countries, so it is called “multilateralism 2.0” in the Asia-Pacific region.⁷⁸ There are three ways of institutional balance: inclusive institutional balance, exclusive institutional balance and inter-institutional balance.⁷⁹

Inclusive balances come from joining the multilateral structures to achieve the purpose of restricting their own behavior, such as the “10 + 1” model led by ASEAN; The presentation of exclusive institutional balance and inter-institutional balance in the Asia-Pacific region is based on the distribution of power among major

⁷⁶*National Security Strategy of the United States of America*, December 2017, at: <http://mssarchive.us/national-security-strategy-2017>.

⁷⁷ On the power transfer and war, see A. F. K. Organski and Jacek Kugler, *The War Ledger*, Chicago: University of Chicago Press, 1980; George Modelski, *Long Cycles in World Politics*, Seattle: University of Washington Press, 1987; Robert Gilpin, *War and Change in World Politics*, Cambridge: Cambridge University Press, 1981; Dale C. Copeland, *Economic Interdependence and War*, Princeton, NJ: Princeton University Press, 2015.

⁷⁸ He Kai, “Yatai diqu de zhiduzhiheng yu jingzhengxing duobianzhuyi [Institutional Balancing and the Contested Multilateralism in Asia-Pacific]”, *World Economics and Politics*, No.12, 2018, pp.60-83.

⁷⁹ He Kai, “Institutional Balancing and International Relations Theory: Economic Interdependence and Balance of Power Strategies in Southeast Asia”, *European Journal of International Relations*, Vol.14, No.3, 2008, pp. 489-518.

powers. Both the United States and China try to limit each other through institutional design. As far as security alliance is concerned, the alliance system established by the United States after World War II is still strong, but the economic integration carried out by China through economic dividend has also effectively restrained the United States. From the perspective of the development of the Asia-Pacific multilateral mechanism, under different topics, the trend of exclusive institutional balances is increasingly obvious, and the final possible result is the inter-institutional balances between China and the United States. For example, after 2008, the Obama administration actively participated in the TPP negotiations, aiming to establish a new Asia-Pacific trade group. However, due to its high threshold standards, China is obviously intentionally excluded from the structure by the United States.⁸⁰ Therefore, the United States' active participation in the TPP strategy could be regarded as an exclusive strategic balance against China, especially its economic development, with the goal of restricting Chinese growing influence in the Asia-Pacific region. On security issues, Chinese power still lags far behind the United States, so China has chosen an exclusive strategy of institutional balances, such as the establishment of the Shanghai Cooperation Organization (SCO) in 2001 to exclude the United States by limiting the geographical location of participating member states. The SCO has not only strengthened security cooperation (anti-terrorism cooperation) with Russia and Central Asian countries, but also included India and Pakistan into its member states in 2017 to resolve traditional contradictions in the non-Western way. Therefore, although the competition between China and the United States is aggravated by the imbalance of power, the peaceful transformation without hot war in the Asia-Pacific region cannot be stopped.

Based on the above analysis, the transformation of the Asia-Pacific order depends on the strategic competition between China and the United States. Under the current circumstance, the pressure of the United States on China is increasing. This is mainly reflected in trade sanctions in bilateral relations and the pressure on China through its own security alliance. From “Asia-Pacific Rebalance” to “Indo-Pacific Strategy”, the Chinese “encirclement” is reflected. Therefore, the next section about the analysis to American strategies is very important.

2.2 From “Rebalance” to “Indo-Pacific Strategy”: the American Designs

After analyzing the basic characteristics of the transformation in the Asia-Pacific region, especially after breaking the inherent cognition of the “dual thinking” in the Asia-Pacific region, this section focuses on

⁸⁰ Michael Green and Matthew P. Goodman, “After TPP: The Geopolitics of Asia and the Pacific”, *The Washington Quarterly*, Vol.38, No.4, 2015, pp. 19-34.

examining American Asia-Pacific policies since the financial crisis, that is, the change from “Asia-Pacific rebalance” to “Indo-Pacific strategy”. Especially after the Trump administration in 2016, the Asia-Pacific policy not only continued the policy of the Obama administration, but also had great differences in handling methods and ideas. Therefore, it is necessary to study the Asia Pacific policies of the United States and the strong intentional pressure to China. Therefore, this section would examine the current relationship between the United States and the Asia-Pacific region from three aspects: the development and changes of U.S. Asia-Pacific Policy after 2008 and 2016, and the difficulties faced by the United States in the Asia-Pacific region.

2.2.1 Obama Administration and Engagement

In May 2020, the U.S. State Department issued a report called *United States Strategic Approach the People’s Republic of China*, and publicly acknowledged the failure of the U.S. engagement policy with China since the reform and opening up in the form of government documents; After the exploration of the Trump administration in the Sino US trade war, the United States has formed a set of new strategies to deal with the rise of China.⁸¹ Together with the *National Security Report of the United States* issued in 2017, the report could be regarded as a programmatic document drawn by the United States to respond to the new policy of Chinese rise. But what is more important is that these documents confirm the basic conclusion that politicians and even ordinary people around the world have concluded that Sino-US relations could no longer return to the past.

As an important part of China’s rise, from the assertive announcement of “Return to Asia” by the United States during the Obama administration to “Indo-Pacific strategy” that President Trump put it in the important position in the Asia-Pacific region, all indicate the conflicts of core national interests between China and the United States, and also intend to restrict China’s development by United States alliance system in the Asia-Pacific region. However, the American Asia-Pacific policy is the process of continuous concrete, and its strategic objectives and tools are gradually targeted with the clear cognition of China’s rise.

As early as after the end of the cold war and the easing of the situation in Europe, facing the continuous economic development and the accelerated process of economic integration of the countries in East Asia, its strategic focus has been constantly moving to the east of Eurasia. However, the terrorist attacks on 2001 made

⁸¹ The White House, “*United States Strategic Approach to the People’s Republic of China*”, May 2020, available at: <https://china.usembassy-china.org.cn/wp-content/uploads/sites/252/U.S.-Strategic-Approach-to-The-Peoples-Republic-of-China-Report-5.24v1.pdf>.

the United States fall into the mire of the anti-terrorism war in the Middle East. After the 2008 financial crisis, the Obama administration not only reorganized the domestic economy, but also focused on the Asia-Pacific region as its growing economic potential.

In fact, as early as 2007, U.S. Navy Commander Gurbreet S. Khurana first proposed the concept of “Indo-Pacific” and used it to describe the construction of the geopolitical plate covering the Indian Ocean and the Western Pacific.⁸² However, it is only from the perspective of geopolitics and military, and the Obama administration wants to indirectly prevent China from strengthening the alliance relations. The specific policy is to propose and implement the “Pivot to Asia” policy. The main performance in the early stage is as follows. On July 22, 2009, the United States joined Instrument of Accession to the Treaty of Amity and Cooperation in Southeast Asia in order to participate in the East Asia Summit; At a press conference before meeting with ASEAN foreign ministers, then Secretary of State, Hillary Clinton said that the United States has returned to Southeast Asia. On January 22, 2010, Hillary Clinton said in her speech at the East-West Center in Hawaii: “The United States is back in Asia. But I want to underscore that we are back to stay”.⁸³ However, it is misleading to only emphasize the importance of Asia. Therefore, Kurt Campbell, Assistant Secretary of State in charge of Asia Pacific Affairs, used the expression of “Return to Asia-Pacific” when testifying in the Senate on January 21, 2010, and made a more comprehensive exposition of the U.S. Asia-Pacific policy, pointing out that the United States should adhere to the principle of engagement in the Asia-Pacific region.⁸⁴ The Obama administration proposed the Asia-Pacific policy with a simple intention, namely, to shrink from the Middle East to concentrate the relatively limited strategic resources of the United States to the Asia-Pacific region and prevent China. On November 17, 2011, President Obama made it clear in his speech to the Australian Congress that the United States is a Pacific country and the Asia-Pacific region is the important strategic region of the United States in the future, and must devote its strength to it, “the United States is turning our attention to the vast potential of the Asia-Pacific region”.⁸⁵

In October 2011, Hillary Clinton published an article on *Foreign Policy*, saying that the Asia-Pacific region is becoming the driving force of global politics, and the use of Asia’s growth and vitality is the core of

⁸² Gurpreet S.Khurana, “Security of Sea Lines: Prospects for India-Japan Cooperation”, *Strategic Analysis*, Vol.31, No.1, 2007, pp.139-153.

⁸³ Hillary R. Clinton, “Remarks on Regional Architecture in Asia: Principles and Priorities”, Honolulu, Hawaii, January 12, 2010, available at: <https://2009-2017.state.gov/secretary/20092013clinton/rm/2010/01/135090.htm>.

⁸⁴ Kurt M. Campbell, “Principles of U.S. Engagement in the Asia-Pacific”, Testimony Before the Subcommittee on East Asian and Pacific Affairs Senate Foreign Relations Committee, Washington, D.C, January 21, 2010, available at: <https://2009-2017.state.gov/p/eap/rls/rm/2010/01/134168.htm>.

⁸⁵ Barack Obama, “Remarks by President Obama to the Australian Parliament”, Parliament House, Canberra, Australia, 17 November, available at: <https://obamawhitehouse.archives.gov/the-press-office/2011/11/17/remarks-president-obama-australian-parliament>.

the US strategic interests. The paper also emphasizes the connection between the Indian Ocean and the Pacific Ocean in economic and security affairs.⁸⁶ This is generally considered to mark the Obama administration's "Asia-Pacific Rebalance" strategy.

In early 2012, the US Department of Defense issued the *Defense Strategic Guidance*, which formally confirmed the important role of the Asia-Pacific rebalance in maintaining US hegemony in the Asia Pacific region.⁸⁷ In 2013, Samuel Locklear, commander of the US Pacific headquarters, made a hearing in the US Congress, demonstrating in detail about the growing importance of the "Asia-Pacific" region in the US global strategy, and the security challenges it faces with the strategic steps that the Obama administration has taken and would take in its "Asia Pacific rebalance" strategy.⁸⁸ On May 28, 2014, Obama delivered a speech at the graduation ceremony of West Point Military Academy to comprehensively expound American global strategies, "The alliances with Japan, South Korea, Australia, the Philippines, and Thailand are the bedrock of security in Asia and a foundation of prosperity in the Asia-Pacific region".⁸⁹ Especially, it is suggested that relying on the alliance is the key to the implementation of the Asia-Pacific strategy. It is an essential aspect for the United States to strengthen its leadership in the Asia-Pacific region and strengthen its relationship with the allies. The main idea is to network the hub and spokes system existing in Asia, and improve the level of multilateral security mechanism. For example, Ash Carter, the Defense Secretary published an article on *Foreign Affairs* called *The Rebalance and Asia-Pacific Security: Building a Principled Security Network*.⁹⁰ In the article, he believes that the rebalance in the Asia-Pacific region had two stages: the first stage was from 2011 to 2015, in which the United States mainly strengthens its military deployment in the Asia-Pacific region and maintains a strong military force in Okinawa, Guam and Hawaii, so as to ensure that the United States can play a key role in the region; The second stage was from 2015 to now. The United States mainly deployed more advanced weapons and promotes offset strategy to take the initiative such as the Air-Sea battle concept introduced during the Obama administration reflects this idea.

In addition to strengthening its military and strategic presence, the United States has also strengthened its bilateral ties with its allies in the Asia-Pacific region, pushing them to shoulder more responsibilities. For

⁸⁶ Hillary R. Clinton, "America's Pacific Century", *Foreign Policy*, 11 October, 2011, pp.55-63, available at: <https://foreignpolicy.com/2011/10/11/americas-pacific-century/>.

⁸⁷ Department of Defense, "*Sustaining U.S. Global Leadership: Priorities for 21st Century Defense*", Washington D.C., January 2012, available at: https://archive.defense.gov/news/Defense_Strategic_Guidance.pdf.

⁸⁸ Admiral Samuel J. Locklear, "*Statement before Senate Committee on Armed Services: U.S. Pacific Command Operations*", April 9, 2013, available at: <https://www.pacom.mil/Media/Speeches-Testimony/Article/671265/statement-before-the-senate-armed-services-committee/>.

⁸⁹ The White House, "National Security Strategy", May 2010, pp.40-47, available at:

https://obamawhitehouse.archives.gov/sites/default/files/rss_viewer/national_security_strategy.pdf.

⁹⁰ Ash Carter, "The Rebalance and Asia-Pacific Security: Building a Principled Security Network", *Foreign Affairs*, Vol.95, No.6, 2016, pp.65-75.

example, Japan, Australia, the Philippines, South Korea, and other countries have revised relevant treaties to strengthen their military presence while reducing their direct strategic burden and military spending. Take the US-Japan relations as an example. In recent years, the United States has promoted the revision of *the Guideline for U.S.-Japan Defense Cooperation* to adjust the division of labor between the US military and the Japanese self-defense forces. On April 27, 2015, the United States and Japan officially revised the guidelines, expanding the scope of Japanese self-defense Forces' support for US military operations, and allowing Japanese forces to support US forces on a global scale.⁹¹ At the period of insufficient resources and declining willingness, the United States expected Japan, South Korea, and Australia to play a greater role in balancing Chinese influence, maintaining regional stability and sharing defense responsibilities. Its purpose is to minimize its own burden on the premise of maintaining regional order and stability.

2.2.2 Trump administration and “Indo-Pacific strategy”

During the Obama administration, because of economic and social problems, the U.S. political system was unable to support its deep involvement in Asia-Pacific affairs, and it was unable to cope with China.⁹² The hegemonic position of the United States in the Asia-Pacific region is offset by the strong rise of China, and the alliance of the United States has not completed the construction of network. With President Trump's coming to power in 2017, the foreign policy with “America First” as the policy platform was introduced. He resented the U.S. foreign policy of globalization, multilateralism, and globalism and emphasized the direct restriction of Chinese economic development and regarded China as a direct enemy rather than a competitive partner.

In 2017, Susan Thornton, the Assistant Secretary of state for East Asia Pacific Affairs, made a statement that the “Asia Pacific rebalance” strategy adopted during the Obama period had ended.⁹³ In November 2017, President Trump delivered a speech at the APEC Business Leaders' Summit, proposing the vision of the United States to promote the creation of a “free and open Indo-Pacific region”. In November 2018, US Vice President Mike Pence issued an article in the *Washington Post*, pointing out the three pillars of Indo-Pacific strategy.⁹⁴

⁹¹ Japan Ministry of Defense, “The Guideline for U.S.-Japan Defense Cooperation”, April 27, 2015, available at: <https://www.mofa.go.jp/region/n-america/us/security/guideline2.html>.

⁹² Hal Brands, “Barack Obama and the Dilemmas of American Grand Strategy”, *The Washington Quarterly*, Vol.39, No.4, 2017, pp.116-118.

⁹³ Susan A. Thornton, “A Preview of Secretary Tillerson's Upcoming Travel to Asia”, US Department of State, March 13, 2017, available at: <https://2017-2021.state.gov/previewing-secretary-tillersons-travel-to-japan-south-korea-and-china/index.html> ; Ankit Panda, “Straight from the US State Department: The Pivot to Asia Is Over”, *The Diplomat*, March 14, 2017.

⁹⁴ Mike Pence, “The United States Seeks Collaboration, Not Control, in the Indo-Pacific”, *The Washington Post*, November 10,

Firstly, as a global trade and transportation hub, this region should ensure its “prosperity”; The second pillar is to ensure the foundation of economic prosperity—security (mainly focusing on traditional security and threats). The third pillar comes from order. This mainly refers to the transparency of the domestic government, the protection of human rights and freedom of navigation. At this time, the Indo-Pacific strategy was similar to the idea of the Obama administration, which used geopolitics and geo-economy as the link to promote economic development and maintain American hegemony.

In December 2017, the Trump administration released its first official report named *National Security Strategy of the United States* during its term of office. It used the concept of “Indo-Pacific” in the national security strategy report for the first time, and elaborated its “Indo-Pacific strategy” in detail. In the report, the “Indo-Pacific strategy” was placed at the top of regional strategies, because this region is of great significance to the development and prosperity of the American economy. Therefore, promoting economic contact and security cooperation with the Indo-Pacific countries is naturally an important part of the relations between the United States and India. It also believes that China is using economic temptation and punishment, influential actions, and hidden military threats to persuade other countries to follow its political and security agenda, while Chinese infrastructure investment and trade strategy strengthens its geopolitical appeal. Mike Pence, the Vice President, delivered a policy speech on China on October 4, 2018, accusing China of many issues including setting up trade barriers, enforcing technology transfer, militarizing the islands and reefs in the South China Sea, pressing Taiwan, destroying human rights and religious freedom, engaging in cyber espionage activities, and interfering in other domestic affairs.⁹⁵ These remarks, together with the “Indo-Pacific strategy”, are full of cold-war flavor. On the surface, it seems that this series of remarks and actions deviated from the policy of rebalance against China adopted in the Obama administration, the significance of direct confrontation and containment with China is greatly enhanced in these four years.

In June 2019, the US Department of defense passed *Indo-Pacific Strategy Report*, which formally put forward the concept of “Indo-Pacific strategy” for the first time.⁹⁶ In this report, as a “revisionist country”, China is trying to use military modernization and predatory economic policies to reconstruct the Indo-Pacific regional order, and the U.S. needs to share security in the Indo-Pacific continues to rest on its military presence

2018, available at: https://www.washingtonpost.com/opinions/mike-pence-the-united-states-seeks-collaboration-not-control-in-the-indo-pacific/2018/11/09/1a0c330a-e45a-11e8-b759-3d88a5ce9e19_story.html.

⁹⁵ “Remarks by Vice President Pence on the Administration’s Policy Toward China”, October 4, 2018, The Hudson Institute, Washington, D.C., available at: <https://china.usembassy-china.org.cn/remarks-by-vice-president-pence-on-the-administrations-policy-toward-china/>.

⁹⁶ The Department of Defense, “*Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting A Networked Region*”, June 1, 2019, p.44, available at: <https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT-OF-DEFENSE-INDO-PACIFIC-STRATEGY-REPORT-2019.PDF>.

and a growing network of alliances and close partnerships that promote interoperability and coordination.

In addition to strengthening strategic deployment, the report points out that the United States would strengthen cooperation with its allies and partners in the Indo Pacific region, emphasizing the outstanding value of cooperation between allies and the United States in areas of common interests and resisting common threats; In particular, it would make use of the advantages of allies in the Asia-Pacific region and promote the networking of allies and partners in the U.S. region, so as to win the competition with China and Russia. In May 2020, the United States issued *the United States Strategic Approach to the people's Republic of China*.⁹⁷ The purpose is to improve the flexibility of the relations with allies and partners, to take advantage of China's "challenges", and to jointly promote the "Indo-Pacific strategy" with allies.

Therefore, although the US trade war against China, unilateral sanctions and other means are also included in the Asia-Pacific policy, these actions belong to bilateral behavior and have not risen to the systemic pressure on China. From the "Asia Pacific rebalance" to the "Indo-Pacific strategy" being put in the first place by the Trump administration, it is not difficult to see American intentions of China's rise. These systemic pressures are transmitted to China through the US military alliance and economic cooperation in the Asia-Pacific region. To a certain extent, the Trump administration inherited the Obama administration's Asia-Pacific policy and only changed its name and expanded its geopolitical scope. It aims to maintain the stability and prosperity of the region in diplomacy and pursues the free and open market in economy even to protect the so-called "freedom of navigation" in the South China Sea, However, the Trump administration's directional intention towards China has been continuously upgraded until becoming the clear signal to China.

However, after the financial crisis, the United States is facing a growing strong China and an inevitably declining United States. Facing the international geopolitical center from the transatlantic to the Asia-Pacific region, its strategic focus will inevitably be placed in the Asia-Pacific region. Therefore, it is a helpless movement for the United States to "Return to the Asia Pacific" during the Obama administration, that is to strengthen the order of the Asia-Pacific Alliance which has been gradually separated since the end of cold war, to re-unite the consensus among the allies, and to jointly fight against the rise of China.

2.2.3 Strategic Dilemma of the American Asia-Pacific Policies

After the cold war, even though the United States made a high-profile "pivot to Asia" during the Obama

⁹⁷ The White House, "United States Strategic Approach to the People's Republic of China", May 20, 2020, available at: <https://china.usembassy-china.org.cn/wp-content/uploads/sites/252/U.S.-Strategic-Approach-to-The-Peoples-Republic-of-China-Report-5.24v1.pdf>.

administration, the United States pursued the engagement strategy with China which took shape under President Clinton and this is the reason why Sino-US relations have always maintained balance between competition and cooperation. However, the Trump administration's unilateral sanctions against China have completely made the Chinese leaders realize that the United States has no intention of maintaining the original cooperation and has brought the bilateral relations into a rivalry situation. Even so, the engagement strategy cannot be completely abandoned by the United States, because as Madeleine Albright, the former Secretary of state, believes that the goal of the American engagement strategy is to make China a responsible country that seriously participates in international order and can act in accordance with international standards, including the criteria for treating its own people.⁹⁸ However, from the perspective of China, the goal of this strategy is to "westernize" China like USSR during the cold war. But the main reason why the strategy has no obvious effect is not only China's response, but also the decline of the United States itself. In addition, President Trump's "anti-establishment" foreign policy has led to a decline in the willingness to manage the alliance, resulting in an unavoidable dilemma due to excessive expansion.

The first problem is the excessive expansion of the United States after the cold war. It has always been the focus of international relations that hegemonic power's excessive expansion led to their decline.⁹⁹ The main reason is that the cost of the country's expansion exceeds its strategic benefits, which leads to a dilemma. After the 9 / 11 terrorist attacks, the United States put its strategic focus on the Middle East and anti-terrorism war, but for America, Chinese economic development in the Asia-Pacific region has broken the long-standing way of interaction between the two countries. Therefore, "Asia-Pacific rebalance" is not a return to the Asia-Pacific region, but a redistribution of the relatively limited strategic resources of the United States. In fact, it is kind of "strategic contraction" of the United States. The Trump administration's "Indo-Pacific strategy" tries to mobilize China's neighboring allies to make them shoulder more responsibilities (such as the increasing territorial disputes in the South China Sea). The purpose of these policies is that the United States pursues to re-strengthen its leading position in security in the Asia-Pacific region.¹⁰⁰

The benefits of the United States in the Asia-Pacific region are that the circumstance around China has become extremely complicated; But the long-standing alliance system and the high cost of public goods and security provided by the United States are also the reason why the Trump administration demands more military costs on Asian allies. In recent years, the island and reef conflicts in the South China Sea between

⁹⁸ Madeleine K. Albright, "The Testing of American Foreign Policy", *Foreign Affairs*, Vol.77, No.6, 1998, p.57.

⁹⁹ On the excessive expansion of the empires in history, see Robert Gilpin, *War and Change in World Politics*, London: Cambridge University Press, 1981; Jack Snyder, *Myths of Empire: Domestic Politics and International Ambition*, Ithaca: Cornell University Press, 1991; Paul Kennedy, *The Rise and Fall of the Great Powers*, New York: Random House, 1987.

¹⁰⁰ Robert Ross, "The Revival of Geopolitics in East Asia: Why and How?" *Global Asia*, Vol.9, No.3, 2014, pp.8-14.

China and some small Southeast Asian countries have also made the United States fall into the dilemma of “engagement” in alliance management, that is, because the Southeast Asian allies have adopted offensive or risk policies that the United States did not expect to adopt in advance, America only is forced to choose acquiescence or support.¹⁰¹ However, neither the obviously exclusive TPP nor the “Indo-Pacific strategy” aimed at the geopolitical encirclement of China has restrained its strong growth momentum. With the economic difficulties in the United States and the contradictions among American different interest groups, it is difficult to fully focus its strategy on China’s challenges in the Asia-Pacific region as it did with the Soviet Union during the cold war. The excessive expansion of the United States has been revealed in the Bush administration, and the adjustment of the Obama administration has not been able to save this dilemma.

Under the background of excessive expansion, the dilemma of United States’ commitment to its allies began to show up. The strategies in the Asia-Pacific region are to promote its allies to shoulder more responsibilities, so as to reduce its own strategic burden, and firmly increase its commitment to its allies and give its strategic re-guarantee. However, as the relative decline, the United States may not be able to fulfill the strategic commitment of the sudden disputes of its allies against China. What’s more, in the asymmetric dependence of security relations, the United States could only appease its allies by increasing the commitment cost in view of the increasing tendency of diplomatic autonomy of its allies (Japan and South Korea).

However, the United States has been unable to bear such a high amount of military expenditure in Asia, so it needs to make a dilemma in the two policy directions of “intervention” and “contraction”. If the United States keep intervening, or even increase commitments, especially continue to let single allies’ reckless provocative behavior to China (such as the territorial disputes in the South China Sea). With the structural defects of the domestic society of the United States, the potential geopolitical risks in the Asia-Pacific region would not only make the strategy difficult to maintain, but also cause itself to be forced into military conflicts. However, if strategic contraction is forced, for example, during the Trump administration, the United States would not be able to contain China and guarantee forward to defense in the Western Pacific region, and China must use this vacuum period to expand by economic cooperation and multilateral institution to exclude the United States from the Asia-Pacific region, and let the United States lose its dominance in the region, or even “deliberalize”,¹⁰² which is unacceptable to the United States. At the same time, its allies are also aware of the possibility that the United States cannot fulfill its security commitments. For example, on the North Korea

¹⁰¹ Glenn H. Snyder, “The Security Dilemma in Alliance Politics”, *World Politics*, Vol.36, No.4, 1984, pp.461-495; Tongfi Kim, “Why Alliances Entangle but Seldom Entrap States”, *Security Studies*, Vol.20, Issue 3, 2011, pp.350-377.

¹⁰² Evan B. Montgomery, “Contested Primary in the Western Pacific: China’s Rise and the Future of U.S. Power Projection”, *International Security*, Vol.38, No.4, 2014, p.119.

nuclear issue, the Diaoyu Islands issue, and the South China Sea issue, though the United States has repeatedly reiterated its security commitments, the risk of allies being “abandoned” and the United States fulfilling its commitments are still uncertain once there is a local conflict even war around China. For example, President Obama has repeatedly claimed that the United States and its allies should have more strategic patience and adhere to strategic restraint; At the same time, he also admits that military means cannot solve all the problems.¹⁰³

With the commitment dilemma, there is also a dilemma in maintaining the status of the United States in the Asia-Pacific region. In the face of its rise, China has get more influence and credibility to manage these regional issues (such as North Korea’s nuclear issue). Although it may contribute to regional stability, this situation also creates anxiety and uncertainty for the United States.¹⁰⁴ The financial crisis in 2008 has not only changed the distribution of material capability in the Asia-Pacific region, but also changed people’s perception of the comparison of power between China and the United States. Scholars, pundits and even government officials in the two countries sometimes may overestimate the capability gap between the two countries, which makes the competitions in the Asia-Pacific region more intense.¹⁰⁵ Therefore, Sino-US relations began to show an unstable situation. The Obama administration believed that the United States needed to adopt the assertive policy to maintain its position in the region.

This leads to the “status dilemmas” between China and the United States.¹⁰⁶ The status competition does not directly threaten the direct security of China and the United States, but would intensify the competition between the two sides for their status and roles in the Asia-Pacific region. The TPP initiative led by the United States is characterized by its obvious exclusion of China while China’s “One Belt & Road Initiative” in Eurasia would not absorb the U.S. too. What it is worried about is not China’s construction of islands and reefs in the South China Sea, but Chinese signal that the construction of military facilities would allow China to take more radical counter-measures to challenge the U.S. security dominant position. The American government’s direct sanctions made the status dilemma more obvious, because status, as a kind of exclusive resource, would only be more targeted in the future competition between the two countries.

¹⁰³ Barack Obama, “Remarks by the President at the United States Military Academy Commencement Ceremony”, West Point, New York, May 28, 2014, available at: <https://obamawhitehouse.archives.gov/the-press-office/2014/05/28/remarks-president-united-states-military-academy-commencement-ceremony>.

¹⁰⁴ Alastair Iain Johnston, “How New and Assertive Is China’s New Assertiveness?”, *International Security*, Vol. 37, No. 4, 2013, pp.7-48.

¹⁰⁵ Dingding Chen, Xiaoyu Pu and Alastair Iain Johnston, “Correspondence: Debating China’s Assertiveness”, *International Security*, Vol.38, No.3, 2013, pp.176-183.

¹⁰⁶ Xiaoyu Pu and Randall Schweller, “Status Signaling Multiple Audience, and China’s Blue-Water Naval Ambition”, in T.V. Paul, Deborah Welch Larson and William C. Wohlforth, eds., *Status in World Politics*, Cambridge: Cambridge University Press, 2014, pp.141-162.

However, the United States still has incomparable economic, financial, and military strength compared with all other powers. According to the international exchange rate, the total GDP of the United States in 2018 (US \$20.49 trillion) is 1.51 times that of China (US \$13.61 trillion) and 1.1 times that of the European Union as a whole (US \$18.76 trillion). In 2018, the U.S. military expenditure accounted for 35.62% (649 billion US dollars) of the world's total military expenditure, which is 2.6 times of the second ranking (250 billion US dollars).¹⁰⁷ Therefore, although the American strategy in the Asia-Pacific region is challenged by China's strong rising, in the short term, the U.S. is still the single leader in the region with sufficient material capability to ensure the security of its allies, diplomatic intervention, and even military front deployment.

2.3 Systemic Pressure from Asia-Pacific Order: Evaluation of Independent Variables

Based on the analysis of the characteristics of the Asia-Pacific order and the current American policies, China's perception of pressure in the Asia-Pacific region needs to be considered. As an independent variable, systemic stimuli could be divided into three parts in the Type-III NRT: relative distribution of power and polarity; clarity and strategic environment (permissive or restrictive). It is the new development of NRT to Structural Realism to analyze the systemic stimuli from the perspective of clarity and strategic environment.

In the Type-III NRT, the discussion about the relative distribution of power basically follows the basic view of Structural Realism, which holds that countries with strong material capability have the dominant power. However, in discussing the transformation of order in the Asia-Pacific region, this paper holds that the Asia-Pacific region is not the complete binary structure which is dominated by China and the United States, but other countries (ASEAN, Japan, South Korea) have some diplomatic strategies that limit the two powers. This is mainly reflected in two aspects: the first and obvious one is to limit the rise of China; The second is to restrict the United States from smoothly promoting the networking of the Asia-Pacific security alliance.¹⁰⁸ Unlike the dual thinking of "relying on China economically and the United States for security", other actors in the Asia-Pacific region (not only including countries, but also an important force—ASEAN) would avoid falling into the increasingly fierce competition between China and the United States, and choose hedging or soft balance strategy. The reasons for choosing this strategy are not only the complex environment in Asia-

¹⁰⁷ On World Bank countries' GDP data in 2018 available at: <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=CN-US-EU&view=chart>; SIPRI national defense expenditure report in 2018, available at: <https://www.sipri.org/media/press-release/2019/world-military-expenditure-grows-18-trillion-2018>.

¹⁰⁸ Because the United States is in the dilemma of excessive expansion, see the discussion in the previous section.

Pacific region, but also the different perceptions of threat and different strategic culture.¹⁰⁹ Under the background of the transformation in the whole Asia-Pacific region, any conflict between China and the United States must damage the interests of all countries in the region. Therefore, from the perspective of relative distribution of power, China and the United States have the dominant power in the region, and must also consider the interests of other countries in the region.

From the perspective of the clarity, the systemic stimuli faced by China has changed from continuous uncertainty to clarity after the outbreak of the financial crisis in 2008. The Type-III NRT holds that clarity consists of three parts. The first one is distinguishing opportunity from threat; The second is whether the system provides information about the time range of such threats (or opportunities), that is, long-term threats or short-term threats; The third is whether the best choice of the grand strategy is clear.¹¹⁰ As for the distinction between opportunities and threats, the signal that China has received from Asia-Pacific order is constantly clear, that is, the restrictions on Chinese development imposed by the United States and its allies have been constantly strengthened, that is, the United States has competed with China in all areas from the economic issues and security alliance since “Rebalancing to Asia”. Some scholars also pointed out that the competition is that China and the United States are changing the current balance of the Asia-Pacific region by means of coercion.¹¹¹ The territorial disputes between the Philippines and other countries in the South China Sea are also squeezing Chinese living space, such as the “South China Sea Arbitration Case” in 2016. Until the Trump administration abandoned the Obama’s multilateral policy of “restricting China’s development from the Asia-Pacific region”, it directly confronted China, especially tried to distinguish “China”, “the Chinese people” and “the CPC”, indicating that there was also competition in ideology in addition to the competition in the economic field and regional dominance. Therefore, China has felt the pressure from the United States in all aspects of its Asia-Pacific strategy. Eliot Cohen believes that the crisis of American foreign policy after the cold war has lasted for a long time, and it would not reverse with the change of government (from confrontation to cooperative contact in the future).¹¹²

¹⁰⁹ On the hedging strategies of other countries in the Asia-Pacific Region, see Van Jackson, “Power, Trust, and Network Complexity: Three Logic of Hedging in Asian Security”, *International Relations of the Asia-Pacific*, Vol.14, No.3, 2014, pp.331-356; Cheng-Chwee Kuik, “The Essence of Hedging: Malaysia and Singapore’s Response to a Rising China”, *Contemporary Southeast Asia*, Vol.30, No.2, 2008, pp. 159-185; Le Hong Hiep, “Vietnam’s Hedging Strategy Against China Since Normalization”, *Contemporary Southeast Asia*, Vol.35, No.3, 2013, pp.333-368.

¹¹⁰ Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, *Neoclassical Realist Theory of International Politics*, New York: Oxford University Press, 2016, pp.46-52.

¹¹¹ Evan Braden Montgomery, “Contested Primacy in the Western Pacific: China's Rise and the Future of U.S. Power Projection”, *International Security*, Vol.38, No.4, 2014, pp.115-149.

¹¹² Eliot A. Cohen, “America’s Long Goodbye: The Real Crisis of the Trump Era”, *Foreign Affairs*, Vol.98, No.1, 2019, pp.138-146.

What's more, the bilateral relations are facing more uncertainties. Although the increasing competitions between China and the United States would not take the form of military conflict, the time left for Chinese peaceful rise is being restrained, and China is facing the confrontation of the entire Asia-Pacific order headed by the United States. In addition to the American more explicit targeting of China in the Asia-Pacific region, China's determination and radical policies to safeguard its security interests are accompanied by the increasingly complex surrounding environment.¹¹³ Besides adopting military defense measures to protect the neighborhood environment, the other right method for China is to strengthen its own socialist development path. Because since the reform and opening up, Chinese achievements are enough to prove that the path of keeping independence through its own reform is correct. Therefore, from the perspective of Chinese alternative strategic response, with the increasingly clear signal in the Asia-Pacific region, the best strategy for China is to maintain reform and opening up. In a word, in terms of the clarity of systemic stimuli, the threat China faces in the Asia-Pacific region is greater than the opportunity, and it is increasing. This is not only limited by the United States, but also China's increasingly radical policy response.

If the clarity is the form of systemic stimuli, then strategic environment is content or information, which aims to reveal whether the current environment is permissive or restrictive. This is different from the long-term threat analyzed in clarity part.

The strategic environment China faces now is much more constrained. The serious thing is that the strategic environment judged by the United States is constrained too, because the relative material capability of China and the United States is getting closer and closer. As the only hegemonic power in Asia-Pacific region, the United States is in the dilemma of "excessive expansion" in the face of domestic affairs and the war on terrorism. At contrast, when the cold war just ended, the United States, as the creator and maintainer of the international order, its attitude towards China was mainly "cooperative partner". Therefore, based on the similar judgment to the current regional order of China and the United States, it is impossible for the two major powers to avoid conflict in the Asia-Pacific region. However, considering American allies' dependence on the United States on the security issues, and economic dependence on China, this kind of competition would be carried out in the form of different international organizations, forming a "cold peace" situation in the Asia-Pacific region.

Based on the evaluation of clarity and strategic environment, in different historical periods (the trilateral relations between China, the United States and USSR in Cold War or the cooperation and competition between

¹¹³ Suisheng Zhao, "Foreign Policy Implications of Chinese Nationalism Revisited: The Strident Turn", *Journal of Contemporary China*, Vol.22, Iss.82, 2013, pp.535-553.

China and United States in 21th century), the pressure China faced from the Asia-Pacific region are different. After the 2008 financial crisis, the systemic stimuli (independent variable) are of high definition, that is, facing more and more clear threats from the United States, China can only choose to challenge it. However, in the view of NRT, systemic pressure is only the main reason for the adjustment of Chinese foreign policy, not the single decisive factor.

Therefore, in addition to considering the pressure from Asia-Pacific order, we should select some domestic variables for discussion to carry out cross-level research, and combine domestic variables with international pressure. This is the main content of the Chapter 3, that is the analysis of two domestic intervening variables (the leader images and trade expectation).

Chapter 3: The Adjustments of Chinese Foreign Policy and Domestic Variables

Due to the instability caused by the current transformation of the Asia-Pacific regional order, China is facing the strong pressure from the order, so the adjustment of foreign policy is an inevitable result. However, according to the research of the Type-III NRT and the current development of Chinese foreign policy, China did not immediately change its foreign strategy after perceiving the signal from the system, but with domestic intermediary variables, its foreign policy was adjusted. This not only reflects the lag problem of foreign policy, but also proves the rationality of cross-level research to analyze the foreign policy of a major country. This chapter is divided into three parts. The first section is about the stages and characteristics of Chinese foreign policy, and the framework of NRT is used to analyze the direction of Chinese foreign policy. The second section is to define and analyze the domestic variables—trade expectation and leader images. The third section would analyze the current adjustment and future development of Chinese foreign policy from the perspective of the Type-III NRT.

3.1 New changes in Chinese foreign policies

Since the 2008 financial crisis, with the rising strength of emerging economies, especially China, China is facing a more complex Asia-Pacific situation after the United States wanted to rebalance the Asia-Pacific region. But in the first ten years of the 21st century, Chinese comprehensive national power has been remarkably strengthened. In 2010, China overtook Japan to become the world's second largest economy with its international status has improved significantly. It is obvious that China has the ability to influence the current international system. However, since 2008, Chinese leader's perceptions on the international trend are still consistent with those at the end of the cold war, that is, peace and development are still the trend of the times while safeguarding their own interests. This shows that China still supports economic globalization, and the grand strategy of peaceful development and multilateral cooperation has not changed. However, in the past ten years, with the rise of China's influence, Chinese position and perspective on the international system have also changed. NRT believes that these changes belong to the adjustment of foreign policy that would affect

the country's crisis decision-making (such as territorial disputes) in emergency situations at the same time.¹¹⁴ From the perspective of policy implementation, as China is a single-party nation, while the speech of the CPC's leadership has great reference value, it still needs to consider the actual actions of Chinese policy.

3.1.1 Critical Junctures in Chinese Foreign Policies

In Historical Institutionalism, although there is continuity in policy adjustment or cooperation mechanism, it is more important to focus on some critical junctions, because these decisions often determine the directions and opportunities of policies.¹¹⁵ This concept can also be used for adjustment of China's foreign policy.

Since the 2008 financial crisis, there have been three critical junctures to reveal the direction of China's foreign policy adjustment: the publication of the White Paper named *China's Peaceful Development* in 2011; Neighborhood Diplomacy Work Conference held by the CPC in 2013, and the Central Conference on Work Relating to Foreign Affairs in 2018, which formally put forward the conclusion of "profound changes unseen in a century". After the financial crisis, China was still trying to use economic ties to promote political cooperation to stabilize the surrounding situation and continue the great power diplomacy. However, after 2010, because of the negative effects of financial crisis, the circumstance around China has been constantly turbulent, and the previous foreign strategy has been in trouble.

As the result, after the 18th National Congress of the CPC, China's decision-making level has changed. Starting from Neighborhood Diplomacy Work Conference with the distinct personal leadership style of President Xi Jinping, Chinese foreign policy has undergone the new starting point. From neighboring diplomacy, great power diplomacy to some new strategic ideas, some qualitative changes are shown in Chinese foreign policy. After 2018, Chinese leaders combine the domestic market and international situation to fight back the unilateral sanctions imposed by the United States. At the same time, China actively rebuilds the economic cooperation in the Asia-Pacific region, makes Chinese voice and influence greater, and forms the great power diplomacy with Chinese characteristics.

3.1.1.1 2008-2013

¹¹⁴ Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, *Neoclassical Realist Theory of International Politics*, New York: Oxford University Press, 2016, pp.108-113.

¹¹⁵ See Paul Pierson and Theda Skocpol, "Historical Institutionalism in Contemporary Political Science", in: Katznelson I, Milner HV ed., *Political Science: State of the Discipline*. New York: W.W. Norton; 2002, pp. 693-721.

First, in the first small stage (2008-2013), Chinese diplomatic direction continues the foreign policy after China's accession to the WTO, that is, to take advantage of Chinese own economic potential to promote the economic development of neighboring countries, and then actively participate in the economic cooperation in the Asia-Pacific region. So, China was still a participant in economic globalization and multilateral cooperation at that period.

However, after the financial crisis in 2008 and the relative decline of the material strength of western countries, China declared that it would never seek hegemony or expand. However, under the background of Chinese rapid development, some small and medium-sized neighboring countries inevitably had the voice of fear and suspicion. They thought that "peaceful rise" was a kind of strategic deception, and cannot ensure that China would continue the policy of "peaceful rise" after the realization of its rise.¹¹⁶ In the face of this situation, China published the white paper entitled *China's peaceful development* in September 2011.¹¹⁷ The white paper clearly pointed out Chinese development path, that is to develop itself through maintaining world peace and maintain world peace through its own development; At the same time, China should adhere to opening up and learn from other countries' experience; Comply with the trend of economic globalization and seek mutual benefits and common development with other countries; Work with the international community to build a harmonious world of lasting peace and common prosperity.¹¹⁸ This showed that China continued to want to continue its previous foreign policy, especially with the neighboring countries and the great powers in the Asia-Pacific region.

But after 2010, Chinese continued foreign policy in the Asia-Pacific region failed. In the face of the American high-profile announcement of the return to the Asia-Pacific region, the American allies in this region hoped to use the influence of the United States to limit even offset the rise of China. This was mainly reflected in three forms of disputes. The first was the outbreak of territorial disputes around China, such as the disputes over Ren'ai reef and Huangyan Island between China and the Philippines, and the dispute over Diaoyu Islands between China and Japan; The second one was that the process of Asia-Pacific regional integration cannot be carried out smoothly, and the third was the intensive competition between China and the United States in East

¹¹⁶ Barry Buzan and Michael Cox, "China and the US: Comparable Cases of 'peaceful Rise'?", *Chinese Journal of International Politics*, Vol.6, No.2, 2013, pp.109-132.

¹¹⁷ In 2005, China also published the white paper on the same topic, which aims to give an official explanation of China's development motivation after the financial crisis in 1997 and China's accession to the WTO in 2001. The 2011 White Paper is intended to explain China's choice of peaceful development path and other issues. These two white papers have become the basis for China's peaceful development and multilateral cooperation.

¹¹⁸ The State Council Information Office of the People's Republic of China, *Zhongguo heping fazhan[China's Peaceful Development (White Paper)]*, September 2011, Beijing, available at: <http://www.scio.gov.cn/zxbd/nd/2011/Document/1006416/1006416.htm>.

Asia, such as the increasing uncertainty in the Korean Peninsula.¹¹⁹ In these foreign policy dilemmas, China realized that it should abandon the thinking of “promoting cooperation with economy” and turn to a new kind of foreign policy.

3.1.1.2 2014-2017

With the 18th National Congress of the CPC, China has formed the new diplomatic decision-making circle with Xi Jinping as its core. Aiming at the predicament of China in the Asia-Pacific region, China first rebuilt its foreign policy from the neighborhood diplomacy. Therefore, Chinese foreign policy entered a new stage (2013-2018) marked by the Neighborhood Diplomacy Work Conference in October 2013. Yang Jiechi pointed out that Chinese neighborhood diplomacy needed to clearly solve the problems in the surrounding environment, and to determine a unified, medium even long-term foreign policy guideline.¹²⁰

Before this conference, President Xi Jinping put forward the idea of “the Common Destiny of Mankind” in Kazakhstan and Indonesia. As the neighboring countries, China should actively cooperate with these countries and share the fruits of development. Therefore, in this work conference, in addition to strengthen the economic relations with the surrounding countries, President Xi Jinping pointed out that China should establish a correct view of justice and interests and adhere to the concept of “*Qinchenghuirong*[amity, sincerity, mutual-benefit and inclusiveness]” towards its neighbors.¹²¹ The implication was that China should not damage its own national interests only for the sake of economic interests, and emphasize the moral elements in Chinese traditional culture.

Therefore, the Chinese central government has determined the policy of “accelerating the implementation of Free Trade Area toward neighbors”,¹²² and promoted the construction of “Regional Comprehensive Economic Partnership” with ASEAN countries, proposing that RCEP and TPP could interact and promote each other, and advocated that “regional economic integration should adhere to the principles of openness, inclusiveness and transparency”.¹²³ In September 2014, The Central Conference on Work Relating to Foreign

¹¹⁹ Chen Qi and Guan Chuanjing, “Zhongguo zhoubianwajiao de zhengcetiaozheng yu xinlinian [Policy Adjustments and New Concepts in China’s Diplomatic Policy towards its Neighbor]”, *Journal of Contemporary Asia-Pacific Studies*, No.3, 2014, pp.5-8.

¹²⁰ The State Council Information Office of the People’s Republic of China, *Wei woguo fazhan zhengqu lianghao zhoubian huanjing, tuidong woguo fazhan gengduo huiji zhoubian guojia*[Striving for a Good Surrounding Environment for China’s Development and Promote China’s Development to Benefit More Neighborhood Countries], December 3, 2013, available at: <http://www.scio.gov.cn/zhzc/2/2/Document/1352486/1352486.htm>.

¹²¹ Xinhua News, “Xi Jinping Delivered an Important Speech at Neighborhood Diplomacy Work Conference”, October 25, 2013, available at: http://www.xinhuanet.com/politics/2013-10/25/c_117878897.htm.

¹²² Xinhua News, “Zhonggong Zhongyang guanyu quanmian shenhuagaige ruogan zhongda wenti de jue ding [Decision of the CCCPC on Some Major Issues Concerning Comprehensively Deepening the Reform]”, November 15, 2013, available at http://www.gov.cn/jrzq/2013-11/15/content_2528179.htm.

¹²³ Li Keqiang, “Bianhua shijie zhong de zhongguo: zai 21 shijilishihui beijing huiying kaimushi de yanjiang [China in the Changing

Affairs in Beijing not only emphasized the complexity of the world situation, but also reiterated the principle of “*Jieban dan bujiemeng*[Partnership but Non-alignment]”.¹²⁴ This was not only a continuation of the previous foreign policy, but also showed that China should continue to adhere to the partnership with strategic autonomy of Chinese diplomacy. The One Belt & Road Initiative, Asian Infrastructure Investment Bank (AIIB) and the Common Destiny of Mankind have been put forward in the wake of the development of the surrounding diplomatic work. On June 27, 2013, Chinese Foreign Minister Wang Yi put forward in his speech at the second World Peace Forum that “China now is actively exploring a new path of great power with Chinese characteristics”.¹²⁵ Therefore, great power diplomacy with Chinese characteristics came into being.

3.1.1.3 2018-Now

The Central Conference on Work Relating to Foreign Affairs held in June 2018 pushed Chinese foreign policy to a new stage, which was the guiding position of Xi Jinping’s new diplomatic thoughts at this meeting. If the direction of the previous foreign policy was to be corrected from 2013 to 2017, then Chinese foreign policy has entered the acceleration stage since 2018. It was in the same year that the trade friction between China and the United States officially started. The “Trump Shock”¹²⁶ and unilateral economic sanctions against China also made China understand the shortcomings in the field of finance and science and technology. In the Asia-Pacific region, where the space to develop is constantly compressed, Sino-US bilateral relations have fallen to the freezing point. However, it also accelerated the adjustment of Chinese foreign policy. Although trapped by the unilateral sanctions of the United States, China also tried to break through the American encirclement with its allies by adopting new cooperation institutions and new concepts. For example, in the surrounding situation, China actively promoted the settlement of the “South China Sea arbitration case”, and the Sino-Philippine relations quickly warmed up; China have actively deepened party-to-party exchanges and strategic coordination with Vietnam, and initially stabilized the situation in the South China Sea; With the strong recovery of China-DPRK relations and the close exchange of visits between leaders of the two countries, Chinese constructive role on the Korean Peninsula has been highly valued by all parties.

World: Speech at 21st Century Council Beijing Conference], Beijing, November 1, 2013, available at: http://www.gov.cn/ldhd/2013-11/02/content_2520271.htm.

¹²⁴Xinhua News, “Xi Jinping Delivered an Important Speech at Neighborhood Diplomacy Work Conference”, October 25, 2013, available at: http://www.xinhuanet.com/politics/2013-10/25/c_117878897.htm.

¹²⁵ Wang Yi, “Tanshuo zhongguo tese daguowaijiao zhilu [Exploring the Path of Major-Country Diplomacy with Chinese Characteristics]”, *International Studies*, No.4, 2013, p.2.

¹²⁶ Michael Crowley, “Trump’s Shock and Awe Foreign Policy”, *RealClear Politics*, March 9, 2018, https://www.realclearpolitics.com/2018/03/09/trump039s_shock_and_awe_foreign_policy_436604.html.

So, after nearly ten years of adjustment, Chinese foreign policy has once again confirmed its development direction, that is, the transformation from “keeping a low profile” to “striving for achievements”. In this process, China adjusted its perspective on the international system and economic globalization. Under the “profound changes unseen in a hundred years”, the direction of Chinese foreign policy is in the order of neighborhood diplomacy, re-coordination of relations among great powers, and then with the support of economic diplomacy and institutional construction win-win cooperation is achieved. However, these adjustments are not completely independent, but interact with each other.

In the construction of Asian-Pacific security order envisaged by China, the consideration of cultural factors is an important factor to distinguish the United States from networking its alliance system. As the birthplace of Confucian Culture, China has a better understanding that East Asia shares similar ideas because of cultural similarity. Therefore, Professor Yan combines “morality” in traditional culture with realism, and uses the research path of NRT to explore the theoretical motivation of the adjustment of Chinese foreign relations.¹²⁷ In addition to the concept of justice and benefit of “amity, sincerity, mutual-benefit and inclusiveness” in the neighborhood diplomacy, China also put forward the “New Asian Security Concept” with “common, comprehensive, cooperative and sustainable” as the core content. In East Asia, where China is located, the history, culture, political institutions, and national development level of each country are very different. No one signal country could represent the security interests and security demands of each country in the region. Chinese “New Asian Security Concept” first emphasizes the universality, equality and inclusiveness of regional security, rather than the traditional balance of power in the Western world. This shows that Chinese traditional culture and philosophy are considered in the adjustments of Chinese foreign policy. Therefore, some scholars think that the original stability in East Asia would not be destroyed because of the deep cultural factors after China’s rise.¹²⁸

In the conclusion, after the financial crisis, facing the increasingly complex situation in Asia-Pacific area and the increasingly clear pressure from system, China has adopted a series of deep-seated adjustments, gradually becoming active from the neighborhood environment, the relations with great powers to the significant grand strategic ideas, which also reflects the new characteristics of current foreign policy turn in China.

¹²⁷ See Yan Xuetong, *Ancient Chinese Thought, Modern Chinese Power*, Princeton, New Jersey: Princeton University Press, 2011.

¹²⁸ David C. Kang, “Getting Asia Wrong: The Need for New Analytical Frameworks”, *International Security*, Vol.27, No.4, 2003, pp. 57-85.

3.1.2 Resistance and New Features of Chinese Foreign Policy

From the perspective of NRT, although the systemic stimuli China is facing urges China to make adjustment in its foreign policy, domestic factors could affect the direction and strength of the adjustment. It is also because of the influence of domestic factors that the foreign policy after 2008 has undergone periodic changes, which includes the change of Chinese leaders and the decisive role of domestic trade expectation. This section would analyze the resistance (dilemma) and some new features of Chinese foreign policy.

3.1.2.1 The Resistance of Chinese Foreign Policy Adjustment

This paper argues that the resistance of Chinese foreign policy on the one hand comes from Chinese own particularity, and on the other hand comes from the external environment, especially the changes in the relations with great powers.

From the domestic point of view, China's own particularity comes from the fact that China is a socialist country. Though the ideological centered exchanges during the cold war have ended, China is inevitably caught in the dilemma of incompatible national interests and ideology, such as the North Korean nuclear issue and the relations between China and Vietnam. This also directly affects the complexity of Chinese foreign policy, especially for its neighborhood countries. Therefore, China should not only surpass the social system and ideology to develop diplomatic relations, but also adhere to its own socialist system and ideology. In fact, it is difficult for China to achieve the principle of defining new international relations totally beyond political system and ideology.

Another domestic dilemma comes from Chinese own position in international system with the role conflict. On the one hand, as the world's second largest economy, China exists as a great and rising country that can affect the international structure; On the other hand, in terms of per capita GNP, China is the largest developing country. This kind of role conflict between rising country and developing country could explain some contradictory policy behavior in world politics to a certain extent.¹²⁹ On the other hand, as a rising power, especially regarded as the direct competitor by the United States, China still needs to explore how to better coordinate its relations with various actors in the international system, while some small Asian countries expect China to shoulder greater responsibilities. And China is clearly not ready for this new international status,

¹²⁹ On the conflicts of Chinese roles, see Bersick Harnisch, Sebastian Bersick and Jörn-Carsten Gottwald, eds., *China's International Roles: Challenging or Supporting International Order?* London and New York: Routledge, 2015.

because China's rise is much faster than it expected. Being forced to face a series of new problems and external requirements about its international status, role, and responsibility which is quite harsh for China.¹³⁰ Before 2013, Chinese foreign policy had such mistakes. So, China has obviously undertaken more social responsibilities and provided more public goods after 2013.

Considering from the international circumstance, apart from the original territorial and maritime disputes with neighborhood countries, more disputes are forced by these countries relying on the hegemonic position of the United States in the Asia-Pacific region. The main reason for the disputes outbreak after 2010 is that under the strategy of "Asia-Pacific rebalance", these countries consider that because China becomes stronger and stronger, the United States would have less willingness to assist them fight against China. So, the circumstance would be more and more unfavorable for them, they would seize the limited opportunity for the United States to adopt the balancing strategy to China and adopt the risk-taking policy only for the maximization of interests at the present stage.¹³¹

3.1.2.2 The New Features of Chinese Foreign Policy

While Chinese foreign policy is still faced with potential risks, especially in the hesitation period from 2008 to 2013, China has a new understanding of economic globalization and its own positioning, that is, from "keeping a low profile" to "striving for achievements".

However, the two behaviors are not separated, and should not be regarded as evidence that Chinese foreign policy has become assertive. The opposition between the two attitudes reflects the profound effects of the atomic thinking mode of either or and binary opposition in Western IR theory. And Chinese traditional culture could reasonably understand the scale of behavior in its foreign relations, to realize the reform in favor of its own national interests in the continuity.¹³² Behind these changes, in fact, the relations between China and the world have changed.

Taking the 2008 financial crisis as the dividing line, it reflects the differences between thinking about China from the world and thinking about the world from China. Thinking about China from the world is mainly about "what China should do", especially how to survive and develop in the complex circumstance. This

¹³⁰ David Shambaugh, "Coping with a Conflicted China", *The Washington Quarterly*, Vol. 34, No.1, 2011, pp.7-27.

¹³¹ On prospect theory, see Jack S. Levy, "Prospect Theory, Rational Choice, and International Relations," *International Studies Quarterly*, Vol. 40, No. 1, March 1997, pp.87-112.

¹³² Qin Yaqing, "Continuity Through Change: Background Knowledge and China's International Strategy", *Chinese Journal of International Politics*, Vol.7, No.3, 2014, pp.311-313.

reflects that Chinese comprehensive national strength is still relatively weak and lacks the ability, willingness, and determination to undertake international responsibilities. This attitude is embodied in the specific diplomatic strategic principles of non-alignment or non-hegemony. However, the view of thinking about the world from China is more confident. It is no longer to think about the threat that the world situation may pose to Chinese survival and development, but to think about what China can provide for the world, taking responsibility for world development, and providing more specific public goods. From this perspective, Chinese should think about “how China should develop”. Before 2008, Chinese foreign policy mostly observed itself from the change of world structure, taking economic globalization and multilateralism as the background of Chinese development. Since the 2008 financial crisis, the changes even challenges in the Asia-Pacific region have made China feel unprecedented pressure. It was also at this time that China began to think about the whole world from its own perspective.

This is also a dialectical relationship between the domestic and international situation. Although it's a cliché to coordinate the domestic market and international situation, some changes have taken place in its connotation after the Central Conference on Work Relating to Foreign Affairs in 2018. Now China mainly assesses the domestic circumstance from the international one. Therefore, the strategic transformation from “keeping a low profile” to “striving for achievement” is fundamentally the need to safeguard the development and national interests. Adhering to the principle of “striving for achievement” is to enhance Chinese representation and initiative in the transformation of the original world political and economic order, to fundamentally change the current circumstance that Chinese institutional power in the western capitalist world system does not balance its improved international status, and most importantly to take the political initiative to put forward that are in line with Chinese national interests and with proposition of the trend of world order.

In 2014, President Xi Jinping proposed great power diplomacy with Chinese characteristics. Before 2008, China's great power diplomacy was mainly aimed at the great powers in the international system; but after 2008, China regards itself as a great power. In addition, with the intensification of regional pattern and competition among great powers, especially after the outbreak of Sino-US trade war, Chinese leaders realized that the smooth development of neighborhood diplomacy is inseparable from the stability of Sino-US bilateral relations. In a word, the impact of the state of Sino-US relations on handling of neighborhood diplomacy and regional cooperation in Asia-Pacific region is objective and inevitable, which means that China needs to take the relations with great powers into consideration in its neighborhood diplomacy.¹³³

¹³³ John G. Ikenberry, “American Hegemony and East Asian Order”, *Australian Journal of International Affairs*, Vol.58, No.3, 2004, pp.353-367.

It is worth noting that China has not given up its foreign policy of “keeping a low profile”, especially in its contacts with the U.S., the hegemonic power in the Asia-Pacific region. Foreign Minister Wang Yi once clearly pointed out that “China respects the original influence and practical interests of the United States in the Asia-Pacific region. We have never thought of excluding the United States from the Asia-Pacific region, but hope that the United States plays a positive and constructive role in maintaining peace and stability in the Asia-Pacific region”. At the same time, he also stressed that “the region is the place where the Chinese has lived for thousands of years, and China hope that the U.S. side should also respect China’s interests and concerns”.¹³⁴ In this sense, since the financial crisis in 2008, Chinese foreign policy has continued the basic grand strategy of peaceful rise, and the traditional theory that a strong country must seek hegemony would never apply to China.

Therefore, from the perspective of Structural Realism, China would change its existing foreign policy when facing the clear systemic signal like the financial crisis. However, the reason why the adjustment of foreign policy lags is the influence of domestic factors and the dependence on previous foreign policies, while the former is emphasized in the Type-III NRT. Therefore, in the next parts, the two domestic variables—trade expectation and leader images would be analyzed to reveal the effect on Chinese foreign policy.

3.2 Domestic Intervening Variables: Trade Expectation and Leader Images

When trying to explain the change of a country’s external behaviors, two questions should be considered. The first question is which factors could affect the national strategy. The second is how these factors affect national strategy. This is the next parts of the third chapter and the task of case study in the fourth chapter. The next two sections would focus on the role of domestic variables in the adjustment of Chinese foreign policy. In this paper, two intervening variables are analyzed, namely trade expectation and leader images. These two variables play an important role in Chinese foreign policy. This section would begin at the definitions of these two variables. Before it, the reasons for the selection of the two variables need to be stated, which is the main content of the first part.

¹³⁴ Wang yi, “Nuli goujian zhongmei xinxing daguoguanxi [Build on Past Progress to Develop a New Model of Major-country Relations Between China and the United States]”, People’s Daily, December 31, 2013, available at: <http://politics.people.com.cn/n/2013/1231/c70731-23994154.html>.

3.2.1 Intervening Variables and Chinese Foreign Policy Adjustments

Since NRT was created, many scholars have different views on the selection of domestic variables, which also leads to the basic limitation of case study in the early stage of theory.¹³⁵ However, the complexity of the selection of these variables lies in the fact that their focus comes from the redistribution of foreign policy choices, that is, the constraint of domestic pressure on policy-makers, such as the allocation of social resources. These domestic variables, called “the second image”, together with the structure (the third image) emphasized by Structural Realism, could best explain the adjustment of Chinese foreign policy. This is not only the requirement of NRT, but also the realistic requests of the current relations between the Asia-Pacific region and China. Because realists believe that as the country exists in a dangerous and uncertain anarchic environment, any country must expand if it has the possibility to improve its material strength or influence.¹³⁶

However, in the past decade, China has successfully integrated into economic globalization, and has achieved self-restraint by joining multilateral framework agreements such as WTO and APEC, though in the short run, joining some multilateral institutions is not in the national interest. The most appropriate example is China’s difficult accession to the World Trade Organization in 2001 through many round of compromises, which forced the upgrading of some domestic industries. As a result, in China, many processing and manufacturing factories in southern provinces, which are the forefront of reform and opening up, closed down. Therefore, it is not correct to infer the inevitable expansion of China only considering the international environment and system pressure. Therefore, we need to consider the role of domestic factors on China. This role is not only aimed at the decision-making elite, but also directly affects the whole society, especially in the face of external political crisis (territorial disputes, Sino-US trade war).¹³⁷

When selecting domestic variables, the range of dependent variables need to be considered. In the theoretical framework of Type-III NRT, with the length of the time range of the independent variables, the analysis level of the dependent variables can also change from the national crisis decision-making to the system results, and even the interaction of great power would affect the structural change. On this premise, the adjustment of foreign policy in this paper does not involve the adjustment of Chinese development direction, because Chinese understanding of the current international system and its own development is not quite

¹³⁵ Brian Rathbun, “A Rose by Any Other Name: Neoclassical Realism as the Logical and Necessary Extension of Structural Realism”, *Security Studies*, Vol.17, No.2., April 2008, pp.294-321.

¹³⁶ On the maximization of influence, see Fareed Zakaria, *From Wealth to Power: The Unusual Origins of America’s World Role*, Princeton University Press, 1998.

¹³⁷ This point would be analyzed in the case study of Chapter 4, especially the different roles and relations of systemic pressure on leaders and the public.

different from the early stage of reform and opening up (after 1978).¹³⁸ Therefore, in the view Type-III NRT, the strategic culture, state-society relations and domestic institutions in the three stages of perception, decision making and policy implementation are stable for a long time, because the distribution of international relative strength and the domestic political environment are unlikely to change dramatically (except in the period of war) in a stable period of strategic adjustment. Considering Chinese national conditions, affected by its national nature and the ruling stability of the CPC, under the current international system, strategic culture, state-society relations, and domestic institutions in China are stable and predictable, and these variables are based on the judgment of world development direction. The foundation of Chinese strategic culture lies in the belief that the current world theme is peace and development, and the hope of achieving win-win results through multilateral cooperation.¹³⁹ Therefore, it is not necessary to consider these three variables when studying the current foreign policy turn of China.

In *Neoclassical Realist Theory of International Politics*, the representative work of the Type-III NRT, the authors believe that the effects of international system' on the countries' behaviors would go through the intermediary process at the domestic level: expanding, shrinking, misreading, and even cutting off the signal.¹⁴⁰ The two domestic variables—trade expectation and leader images which are selected in this paper, affect the Chinese choice of foreign policy at the present stage, and this also corresponds to the two dimensions of ability and willingness.

Different from the basis of traditional international relations theories, such as the relative distribution of power and the degree of economic interdependence, both leader images and trade expectation are analyzed from a dynamic perspective. The dynamic analysis of Chinese foreign policy comes from the dynamic change and uncertainty of the pattern of the Asia-Pacific region. Therefore, whether the Asia-Pacific policy of the United States or the choices of small countries between the U.S. and China in the Asia-Pacific region, it is dynamic. Therefore, the two domestic variables only show the trend of Chinese foreign policy, rather than the policy analysis and prediction limited to a fixed time node. What's more, the result must be a dynamic balance after the interaction between China and the countries in the Asia-Pacific region.

¹³⁸ On the official remarks of the CPC on China and the world, see Xinhua News, “*Report delivered by Xi Jinping at the 19th National Congress of the CPC*”, October 27, 2017, available at http://www.gov.cn/zhuanti/2017-10/27/content_5234876.htm.

¹³⁹ Qin Yaqing, “Guojia shenfeng, zhanlue wenhua he anquan liyi: guanyu zhongguo yu guoji shehui guanxi de sange jiashe [National Identity, Strategic Culture, and Security Interests: Three Hypotheses on the Interaction between China and the International Community]”, *World Economics and Politics*, No.1, 2003, pp.10-15.

¹⁴⁰ Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, *Neoclassical Realist Theory of International Politics*, New York: Oxford University Press, 2016, Chapter 3, pp.58-79.

3.2.2 The Definition of Trade Expectation

The concept of “trade expectation” comes from Dale Copeland’s book—*Economic Interdependence and War*, which means that the expectation comes from the judgment and predictability of the international environment, including the economic order. In the traditional realism theory, there is a linear relationship between economic interdependence and the outbreak of war. However, in Copeland’s view, only emphasizing economic interdependence, whether it is vulnerable to trade restrictions or deep-seated dependence, is conducive to reducing the outbreak of conflicts. This is a static analysis, but the outbreak of disputes is a dynamic process. Therefore, the Trade Expectation Theory is proposed to make up for this vacancy, that is, when the trade expectation of the great power declines, hot war is easier to break out. However, this paper does not analyze the logical framework of the theory, but selects the basic concept of the theory as the intervening variable to analyze the impact on a foreign policy.

Firstly, the definition of trade expectation should be distinguished from some other common-sense concepts. First, trade expectation should be distinguished from the data of economic development. All kinds of data presented by a country’s economy, such as GDP and FDI, are presented as facts, while trade expectation is a judgment based on those data. This judgment includes not only the decision-making leaders, but also the ordinary people in society and interest groups, which is similar to the relations between the leadership and all sectors of society in the choice of foreign policy.¹⁴¹ This kind of judgment would form a kind of social atmosphere, which is perceived by the public, and produce obvious value orientation. For example, the unemployed working group in the Great Depression before World War II is closely related to the left-wing thought like the socialist trend of thought. Second, trade expectations cannot be equated with economic forecasts. As a common forecasting tool in economics, the forecasting data is not applicable in the analysis of state behavior, because these forecasting data are only made from the perspective of national economy, while trade expectation is to find the possible impact of foreign policy from these economic forecasts, especially on foreign policy-making and social mobilization ability.

More importantly, in the Trade Expectation Theory, the influence of the third party always affects the trade-security balance.¹⁴² The third party can be the collective willingness of big or small countries outside the region. For China and the United States in the Asia-Pacific region, the third party is other small countries in the Asia-Pacific region, especially the ASEAN. For the third party to compete and maintain relations is an

¹⁴¹ On the diversity of participants in national foreign policy, see Peter Trubowitz, *Politics and Strategy: Partisan Ambition and American Statecraft*, Princeton: Princeton University Press, 2011.

¹⁴² Dale C. Copeland, *Economic Interdependence and War*, Princeton, NJ: Princeton University Press, 2015, pp.39-50.

important indicator to judge domestic trade. The trade expectation is not to simply guess the intention of the country and other countries, but a kind of motivation and the cause of policy changes.¹⁴³ Therefore, trade expectation emphasizes the assessment of the surrounding environment, especially the mastery of important industrial raw materials, transportation lines, etc., which is a security issue rather than a simple economic prediction. When a country is optimistic about its trade expectation, it would choose a more stable foreign policy and cooperative attitude, because it means that its domestic economy and surrounding environment are stable; On the contrary, it would adopt more radical and confrontational countermeasures to protect its national interests and to maintain its own economic stability. This is especially evident in the Sino-US trade conflict after 2018.

3.2.3 the Definition of Leader Images

NRT attaches great importance to the role of leaders. As the evaluator of systemic stimuli and decision maker, leader's attitude has a great impact on a country's foreign policy. This not only means that the formulation of foreign policies, but also the assessment of national conditions and international status that would affect foreign policy.

Leader's policy choices mainly come from the calculation of cost-benefit, especially the cognition of risk-benefit. In the choice of risk aversion and risk acceptance strategies, they need to consider benefits, which includes not only growth of material power, but also reputation and status changes.¹⁴⁴ These considerations would affect the policy judgment of leaders. The Type-III NRT directly puts this variable in the first place of domestic variables, and believes that leader images are the most important premise in perceiving systemic pressure and judging situation. There are some parts about this item.¹⁴⁵

The first is the relationship between leaders' previous experience, value orientation and information choice. This is the first process because it affects the selection information. Through cognitive filtering, all external objective information would be processed by leaders, resulting in personal opinions or misreading bias.¹⁴⁶ The second factor is their personality. For example, different growth background, age and education

¹⁴³ Jack Snyder, "Trade Expectations and Great Power Conflict--A Review Essay", *International Security*, Vol. 40, No. 3, 2015, p.181.

¹⁴⁴ On the Leaders' perception of risks and benefits, see Jeffrey W. Taliaferro, *Balancing Risks: Great Power Intervention in the Periphery*, Ithaca: Cornell University Press, 2004.

¹⁴⁵ Norrin M. Ripsman, Jeffrey W. Taliaferro, and Steven E. Lobell, *Neoclassical Realist Theory of International Politics*, New York: Oxford University Press, 2016,

¹⁴⁶ On the perceptions and signals, see Robert Jervis, *Perception and Misperception in International Politics*, Princeton, NJ: Princeton Press, 1976.

background of leaders may affect their personalities that would directly affect different means of making things. For example, after new China was founded, China engaged in the Korean War because Mao Zedong grew up in the old era of backwardness and poverty and had many years of experience in armed struggle. Even though basic industry was very backward in China at that time, he ordered Chinese troops to Korean Peninsula to fight against the United States. The third part is the leader's operation code, namely master beliefs, which includes a series of philosophical beliefs such as which strategic tool is most conducive to the realization of national interests, the cognition of the status of the country, and even ontology.¹⁴⁷

It is worth noting that, based on special decision-making structure in China, although President Xi Jinping is the head of the government and the General Secretary of the CPC, Chinese foreign policy is kind of collective will to maximize national interest. Therefore, Chinese foreign policy is more of a result of elite consensus, only expressed through the President. However, the change of government from Hu Jintao to Xi Jinping show that there are many different perceptions of Chinese future and its development path from the view of the two different generations.

In a word, trade expectation and leader images interact with each other and influence Chinese foreign policy together with systemic stimuli.

3.3 The Adjustment of Chinese Foreign Policy from the Perspective of NRT

Based on the introduction of domestic variables and the new features of Chinese foreign policy adjustment, this section analyzes the reasons for the adjustment of Chinese foreign policy and the implied strategic choices from these two variables.

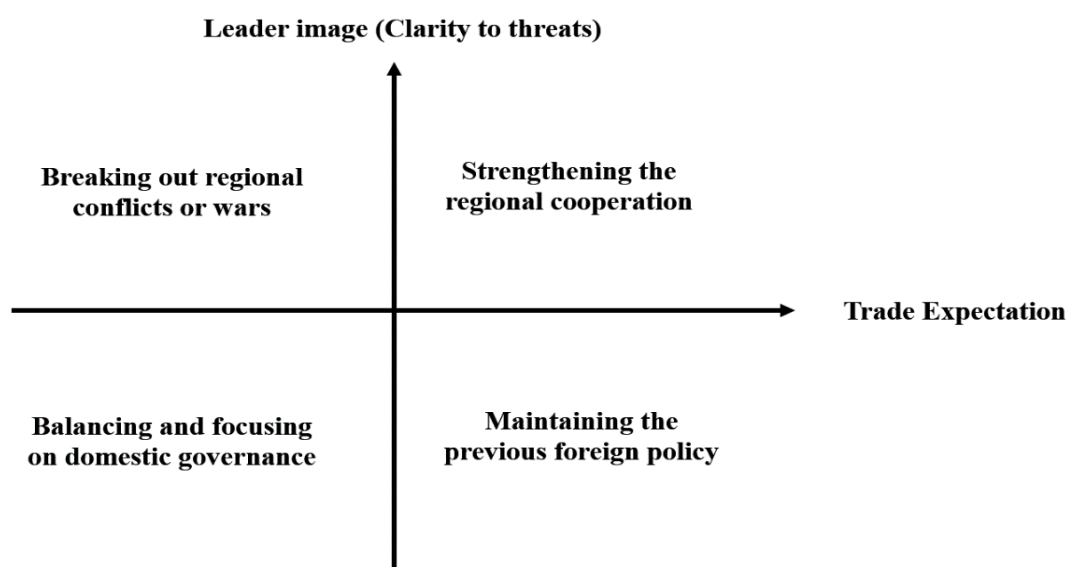
3.3.1 Scenario Analysis to Chinese Foreign Policies

Under systemic stimuli, Chinese foreign policy would choose different policies, such as confrontation, checks and balances or cooperation, after being affected by domestic-level variables. Therefore, scenario analysis is applied to the analysis of Chinese foreign policy. What needs to be defined is that the leader images are not quantified as strong or weak, so the leader images in this paper is based on the information stimulated by the cognitive and perceptual system of national status on the operation code. This is different from the judgment and clarity of the strategic environment at the system level emphasized by NRT, because some

¹⁴⁷ On the operational code, see Jack S. Levy, "Psychology and Foreign Policy Decision-Making," in *The Oxford Handbook of Political Psychology*, ed. Leonie Huddy, David O. Sears, and Jack S. Levy, 2nd ed. (New York: Oxford University Press, 2013).

information from the system is absorbed by different groups at the social level, and leaders' perception would deviate from the information conveyed by the international system.¹⁴⁸ Therefore, there would be four different strategic choices based on the positive or negative judgment of trade expectations and the strength of leader images (awareness of threats, etc.). This kind of decision-making mode would not only affect the national grand strategy (domestic development and foreign policy), but also affect the national crisis decision-making.

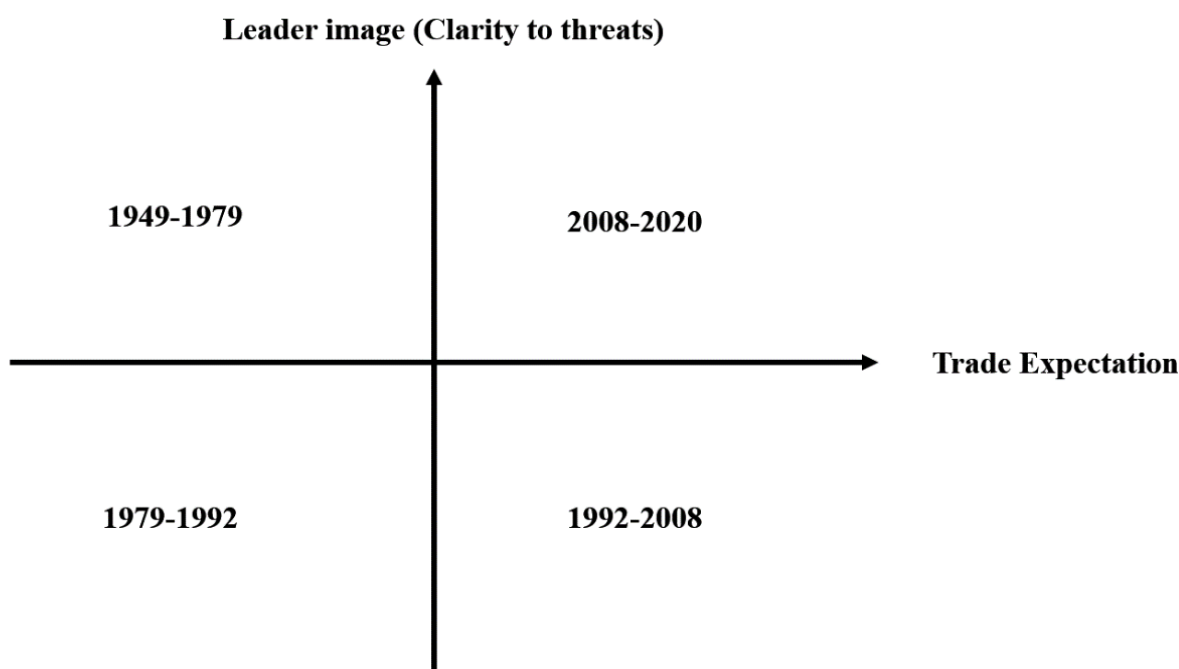
Therefore, when the judgment of trade expectation is positive and the leader images (judgment of threat) is strong (Type-1), it focuses on the construction of surrounding order and regional cooperation; However, when the trade expectation is negative and the leader images is weak (Type-2), great powers would take balancing and focus on the domestic affairs, expecting to solve the domestic trade problems. When the trade expectation is positive but the leader images is weak (Type-3), the country would adopt the policy of maintaining the status quo, because at this time, the national economy is stable, and rashly changing the current foreign policy would damage the economic interests; When the trade expectation is negative but the leader images is strong (Type-4), it indicates that the surrounding environment and regional situation have deteriorated significantly, and other great powers in the international system have clear signals to limit its own development. This situation is the eve of the outbreak of regional war, and the circumstance is extremely dangerous. At this time, only preemptive or military response can ensure the survival and development of the country.



Based on these four situations, the author finds that the adjustment of Chinese foreign policy has obvious stage characteristics. From the founding of new China (1949) to the establishment of diplomatic relations

¹⁴⁸ The reasons for the differences between the systemic information perceived by leaders and the information transmitted by the system itself are limited by the nature of the country (the differences between democratic and authoritarian countries), personal experience, or interest groups and other external factors

between China and the United States (1979), China was in the situation of Type-4, which was characterized by continuous regional conflicts (Korean War and Zhenbaodao Island conflict). At that time, the whole East Asian situation was also in uncertainty. It was not until the establishment of diplomatic relations between China and the United States and the breaking of the boundaries of ideology that this circumstance was alleviated. From the establishment of diplomatic relations between China and the United States to the formal start of China's market system reform in 1992, it belongs to Type-2. During this period, Chinese reform and opening up policy has just been launched, and the effect of many domestic reform policies has not been fully achieved. At this point, China could only focus on domestic affairs. From 1992 to 2008 (financial crisis), Chinese foreign policy in this period tended to keep the status quo (Type-3). During this period, based on Chinese economic development and gradual integration into the process of economic globalization (China's accession to the WTO in 2001), trade expectations are rising, but the surrounding situation is potentially destructive. In addition, because of the United States is constrained by the anti-terrorism affairs in the Middle East region and adopts the strategy of contact with China, the relations between major powers tend to be stable.



However, as 2008 financial crisis, the governance dilemma in many countries spilled over to the relations between countries, making the situation around China unstable. However, when the trade expectation tended to be stable and the threat of a status-quo power was increasing (Sino-US trade war). So, China can only learn from the experience of the United States, that is, after World War II, the United States established a series of international mechanisms to restrain itself and other allies, and provided more public goods to reduce the fear of neighborhood countries towards China. In the period studied in this paper, it is in the process of Chinese

own development and perceiving the threat of the hegemony, so, it would strive to provide more public goods and multilateral institutions, such as AIIB.

Based on the analysis of these two scenarios, the next parts would analyze why the trade expectation keeps rising, even if the territorial disputes around China break out after 2009; It will also analyze why leader images change. This is not only because of the change of Chinese leaders, but also because of the different positions of China and the different role on the international stage perceived by the two different generations.

3.3.2 The Overall Trend of Trade Expectation

The background for China's trade expectations to keep rising and stable since 2008 is the geopolitical shift of the international system.¹⁴⁹ At the same time, the emerging markets led by China also accelerate the decline of the United States. This is the most important background of this paper. It is shift of international material distribution that would provide sufficient market and opportunities.

Although trade expectation is not equal to some economic data, these data could evaluate Chinese economic development environment. In addition to economic data, some endogenous factors (domestic reform, nationalism), third-party factors and domestic market development also indirectly affect the trade expectation.

From the perspective of economic data, it is mainly a correct view of the stability of China's vertical development and horizontal comparison. These data not only show the steady rise of China's economic development, but also find that the potential of Chinese economy and trade is potential and there is still room for growth. From 1979 to 2018, China's GDP grew at an average annual rate of more than 9% in real terms, and China's share of the world economy rose from 1.8% in 1978 to about 16% in 2018. In 1978, China's GDP was only 6.3% of that of the United States and 14.8% of that of Japan. By 2018, it will be 66.3% of that of the United States and 273.6% of that of Japan. In the first half of 2019, China's total retail sales of social consumption reached 19521 billion yuan (2765.9 billion US dollars), surpassing the US retail sales of 2699.8 billion US dollars in the same period for the first time, which means that China has become the largest single consumer market in the world.¹⁵⁰ From the view of FDI, since the Chinese central government released the annual data in 2003, China has ranked among the top three countries in terms of outward FDI flows for eight consecutive years. the flows in 2019 were 51times as much as the flows in 2002, with its global share being

¹⁴⁹ Christopher Layne, "This Time It's Real: The End of Unipolarity and the Pax Americana", *International Studies Quarterly*, Vol.56, No.1, 2012, pp.203-213.

¹⁵⁰ National Bureau of Statistics of the People's Republic of China, *Statistical Communique of the People's Republic of China on the 2020 National Economic and Social Development*, February 28, 2021, available at http://www.stats.gov.cn/tjsj/zxfb/202102/t20210227_1814154.html.

more than 10% for four consecutive years. The average annual growth rate reached 26% between 2002 and 2019. The cumulative flows from 2013 to 2019 reached \$1011.03 billion, accounting for 46% of the outward FDI stock.¹⁵¹ Compared with Japan the other economic power in Asia, China's GDP exceeded Japan's in 2010; In 2015, China's economic aggregate was 2.6 times that of Japan. From 2010 to 2015, the average annual growth rate of China's GDP was 7.8%, and that of Japan was 0.6%. China's GDP was 13 times that of Japan.

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In addition to these economic data, other factors would also affect the judgment of trade expectations. The first is the discussion of Chinese external dependence (the third-party factor in Trade Expectation Theory). Although Chinese external dependence (strategic energy, geoeconomic and political situation, international market) is rising with the continuous increase of China's economic aggregate, it does not have singleness and vulnerability, and the strategic autonomy (willingness) as a linear result is still in China's own hands.¹⁵³ This is mainly because Chinese demand for these resources comes from different regions in the world, rather than the only depending on one region. This way of dispersing risks also contributes positively to the Chinese trade expectations. What's more, the continuous domestic reform in China has also provided institutional support, especially the CPC's anti-corruption reform in recent years has gradually changed from anti-corruption system to social mobilization movement.¹⁵⁴ Ever since Xi Jinping became the leader of the CPC, he paid special attention to the interaction between economy and politics, exerting the subjective initiative of the people. He has indirectly promoted reforms and improved trade expectations through some institutional arrangements or propaganda campaigns.

However, Chinese trade expectations have not kept a good momentum of development since the financial crisis. Because with the potential deterioration of the surrounding environment, especially the direct economic sanctions adopted by the United States against relatively weak chip industry in China, trade expectation inevitably declines. However, Chinese economy has a strong ability to feed back. Overall, trade expectations in this period are generally good.

¹⁵¹ Ministry of Commerce of the People's Republic of China, *2019 Statistical Bulletin of China's Outward Foreign Direct Investment*, September 2020, available at <http://images.mofcom.gov.cn/hzs/202010/20201029172027652.pdf>.

¹⁵² On Comparison of economic data of more Asia-Pacific countries, see Wu Xinbo, "Lun yatai dabianju [On the Major Transformation of the Asia-Pacific Regional Structure]", *World Economics and Politics*, No.6, 2017, pp.32-59.

¹⁵³ Wang Fan, "Duiwai yicun yu zhongguo waijiao de zhanlue zizhu [External Dependence and Strategic Autonomy of China's Diplomacy]", *Foreign Affair Review*, Vol.37, No.2, 2020, pp.1-22.

¹⁵⁴ On the development of anti-corruption in China, see John Osburg, "Making Business Personal: Corruption, Anti-corruption, and Elite Networks in Post-Mao China", *Current Anthropology*, Vol.59, No.18, 2018, pp.149-159; Hui Li, Ting Gong and Hanyu Xiao, "The Perception of Anti-corruption Efficacy in China: An Empirical Analysis", *Social Indicators Research*, Vol.125, No.3, 2016, pp.885-903; Yao Qian and Yang Yalan, *Weishenmo youle jiwei, haiyao sheli jianchawei [Why is it necessary to set up a supervision committee when there is a commission for Discipline Inspection?]*, December 11, 2019, available at: <http://politics.people.com.cn/n1/2019/1112/c429373-31450715.html>.

However, the Sino-US trade conflict after 2018 has lowered China's expectations. With the strong perception of Chinese leaders, China has chosen direct and reciprocal sanctions, spilling over to the political and cultural fields. The reason why there is no hot war in the region lies in the strategic restraint of the two great powers and the pressure of nuclear weapons. However, the trade friction between China and the United States gradually eased with the outbreak of the global epidemic and the coming into power of Biden administration. Therefore, China's trade situation is expected to continue to maintain an excellent trend, as China's own economic potential has not yet been fully released and the economic dependence of neighborhood countries on China is also increasing.

3.3.3 Leader Image and Chinese Foreign Policies

Compared with the influence of trade expectations, Chinese leaders' perception of external environment and threats is more direct to the adjustment of Chinese foreign policy, because there are leader images in the stages of perception, decision making and policy implementation.¹⁵⁵ For China, the attitude of the leaders is more important, because in foreign policy, the decision makers of the CPC share the similar goals and tools, who could be called "national security executive"¹⁵⁶ that formulate foreign policies under the dual constraints of international and domestic environment, with defining and firmly safeguarding "national interests". Under its socialist nature and the single-party nation, the stability of Chinese grand strategy is determined by the joint actions of elite consensus and elite cohesion.¹⁵⁷ Because decisions are made by the political leadership, the ability and willingness of the political elites are the main determinants of the choice of national decision-making to find the optimal solution more efficiently under the background of the consistency on the nature, degree and coping strategies of threats. And the expression of Chinese foreign policy would be influenced by the top leaders (Hu Jintao and Xi Jinping), which is related to their own personalities and growth experience.

First of all, it needs to be clear that Chinese attitude towards the trend of the world and the current international system has not changed, that is China adheres to the multilateral international order with the United Nations as the core and economic globalization. However, with the rise of China's status, China may inevitably seek some gradual reform of the international system in its participation, whether from the

¹⁵⁵ Nick Bisley, "Biding and Hiding, No longer: A More Assertive China Rattles the Region", *Global Asia*, Vol. 6, No. 4, 2011, pp. 62–73.

¹⁵⁶ Steven E. Lobell, Norrin M. Ripsman and Jeffrey W. Taliaferro, eds., *Neoclassical Realism, the State, and Foreign Policy*, New York: Cambridge University Press, 2009, p.25.

¹⁵⁷ On the elite consensus, see Randall L. Schweller, *Deadly Imbalances: Tripolarity and Hitler's Strategy of World Conquest*, New York: Columbia University Press, 1998.

perspective of its own development needs or from the perspective of the expectations of the international community, so, some scholars call China reform-minded status-quo power.¹⁵⁸

Taking the 18th National Congress of the CPC in 2012 as the dividing line, the operational code formed by the different leadership styles of Hu Jintao and Xi Jinping promote the change of foreign policy. After studying the public speeches and articles of the two leaders, Kai found that Hu's leadership style is "Modern-status quo", but Xi is more assertive.¹⁵⁹ These two different leadership styles come from their personal growth experience. President Xi Jinping was born after the founding of new China, and he has not experienced the war years before the founding of the PRC. Hu had experienced the Second World War, which is the important gap between the two generations. Therefore, the foreign policy of Hu's period was more pragmatic. And their educational experience is more important. President Hu, as the former engineer who majored in science in Tsinghua University, was more practical and gentler. Therefore, when he was President, the pace of China's reform and opening up was faster, but the propaganda work was not in place. In contrast, Xi Jinping, who majored in ideological education in Peking University, paid more attention to Chinese propaganda and social mobilization ability, and was more accustomed to seeking China's philosophy from China's traditional culture.

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Although the two people tend to declare cooperation as a means of external communication, Xi Jinping spoke more clearly about principles than simply focusing on economic cooperation. For example, Xi Jinping pointed out in the work of neighborhood diplomacy that China must have a correct view of righteousness and interests and mutual sincerity to achieve the final win-win cooperation. Therefore, since 2013, the foreign policy of neighborhood towards China has become assertive, which is also strongly related to the personal style of leader.

Apart from the influence of personal style on Chinese foreign policy, the two leaders also have difference on their understanding of China itself. This is certainly related to the stage of China's development they are in, but more importantly, they have different understandings of Chinese future. In Hu's period, China was more a participant, and its reform was mainly to integrate into economic globalization; But Xi Jinping thinks that China can reconstruct the international system and there are three main goals: creating a stable environment for Chinese peaceful rise, more actively integrating into the international system and transforming from

¹⁵⁸ Ren Xiao, "China: A Reform-Minded Status-Quo Power?" *East Asia Forum*, May 16, 2012, available at: <http://www.eastasiaforum.org/2012/05/16/china-a-reform-minded-status-quo-power/>.

¹⁵⁹ He Kai and Feng Huiyun, "Xi Jinping's Operational Code Beliefs and China's Foreign Policy", *The Chinese Journal of International Politics*, Vol.6, 2013, pp.209-231.

¹⁶⁰ On the different growth experiences, see Lanxin Xiang, "Xi's Dream and China's Future", *Survival*, Vol.58, No.3, pp.53-62.

participants into builders, putting the core interests of the CPC and China together at the core of CPC.¹⁶¹

The more obvious difference is the assumption of “goal and path”. In the period of Hu Jintao, peaceful rise has become a common expression in China’s official diplomatic documents, but this is only a path without a final goal. There is no clear even vague understanding of why China needs to have a peaceful attitude to develop, because as a medium-sized power, China and its neighborhood countries and other major countries including the United States have been working together to share economic resources, and there is no need to find the long-term goal; But in the Xi Jinping era, the first thing to come up with is “Chinese dream”, which is to achieve Chinese Renaissance, that is the answer for Chinese development. This is a concrete and achievable goal that all the resources and reform policies should achieve. This is a different understanding of China’s responsibilities and China’s role in the international system.

Therefore, based on the analysis of the dependent variables in the second chapter and the intervening variables in this chapter, the author believes that under the clear pressure of the transformation of the Asia-Pacific region, Chinese foreign policy has affected by two domestic intermediary variables: trade expectation and leader images.

¹⁶¹ Avery Goldstein, “China’s Grand Strategy Under Xi Jinping: Reassurance, Reform, and Resistance”, *International Security*, Vol. 45, No. 1, 2020, pp. 164–201.

Chapter 4: Case Study—Diaoyu Islands Dispute and Sino-U.S. Trade Friction

After the discussion of the systemic signal released by the transformation of Asia-Pacific order and the domestic variables that affect Chinese foreign policy, this paper draws a conclusion that the direction of Chinese foreign policy has changed since the Financial Crisis by using the cross-level method of Neoclassical Realist Theory, and then establishes the causal effect. Therefore, this chapter would use the process tracking to reveal the causal relations between different variables to establish the corresponding causal mechanism, that is, to explore how the systemic stimuli changes the national policy through domestic variables. This chapter selects two cases for comparison and contrast, one is the territorial dispute between China and Japan on the sovereignty of the Senkaku/Diaoyu Islands in 2012, and the other is the trade conflict between China and the United States since 2018. The two cases have both similarities and obvious differences. However, in both cases, policy responses from Chinese governments share the similar causal mechanism. The case study of this paper is not a simple fact sorting, but an analysis of Chinese response in different types, different periods of time and different international environments, including the perception to crisis, decision-making and policy implementation (domestic mobilization and adjustment, foreign policy adjustment).

This chapter is divided into three main parts. The first part is the framework of causal mechanism of Chinese foreign policy. The second part is the analysis of the two cases, which belongs to the factual interpretation. The last part is the comparison of the two cases and the conclusion of this chapter.

4.1 Causal Mechanism of Chinese Foreign Policy

Before the analysis of the two cases, the causal mechanism is needed to analyze the relations between variables in different levels. In view of the changes of Chinese foreign policy, the Asia-Pacific order as the independent variable and the interference effects of domestic variables show the correlation and causal effects. But this is not the same as the establishment of a reasonable causal mechanism. From the view of methodology, it is emphasized the relations between variables and causal mechanism are one of the bases of causal inference. Causal mechanism can make up for the deficiency of causal effect.¹⁶² At this time, the role of process tracking is highlighted. Different from the simple time line combing, the tracking of the events process is the

¹⁶² David Dessler, “Beyond Correlations Toward a Causal Theory of War”, *International Studies Quarterly*, Vol.35, No.3, 1991, pp.337-355.

intermediate process of understanding the results and causes through the interaction of different factors, and using the historical facts of these processes to verify the validity of the theory and the interaction between variables.¹⁶³

Based on this, in view of Chinese national conditions, this chapter puts forward the causal mechanism of foreign policy. The mechanism is based on the theoretical framework of NRT, which concretizes the domestic environment of a specific country. According to the research object of this paper and time period (2008-2020), the adjustment of foreign policy is divided into two parts: crisis decision and the adjustment of foreign policy. These adjustments include different strategies and measures.

In Chinese decision-making process, besides the decision-makers of the Communist Party of China, the mass audience also participate in the perception of systemic pressure. The irrational emotions brought by the public sometimes would not only affect the judgment of leaders, but also need to appease the public when implementing policies, and even use the rising nationalism to express the tough attitude to foreign countries. This complex interaction is extraordinary obvious in crisis decision-making.¹⁶⁴ The reasons why Chinese leaders are researched as a whole and their respective interest groups are ignored is that Chinese central government relies on the decision-making of collective will in foreign decision-making: the leading group in charge of foreign policy unifies the direction of policy development and resolutely implements it to maximize rationality, which is different from the decision-making process of Western foreign policy.¹⁶⁵ In this paper, the influence object is simplified as the leader's perception and mass audience. The adjustments of Chinese foreign policy are different in different foreign environments (crisis decision making and foreign policy). When dealing with some emerging crisis, in addition to appeasing the public, China also needs to allocate strategic resources and optimize the organization on the basis of mobilization, which is particularly obvious in China's handling of the Diaoyu Islands disputes.

Changes in the international environment would lead to changes in the balance of power between domestic interests and power groups, and the latter would exert influence on the national security strategy, thus shaping the national strategic choice.¹⁶⁶ When China deals with the crisis, especially when the historical territorial dispute breaks out again due to the change of the international environment, the Chinese

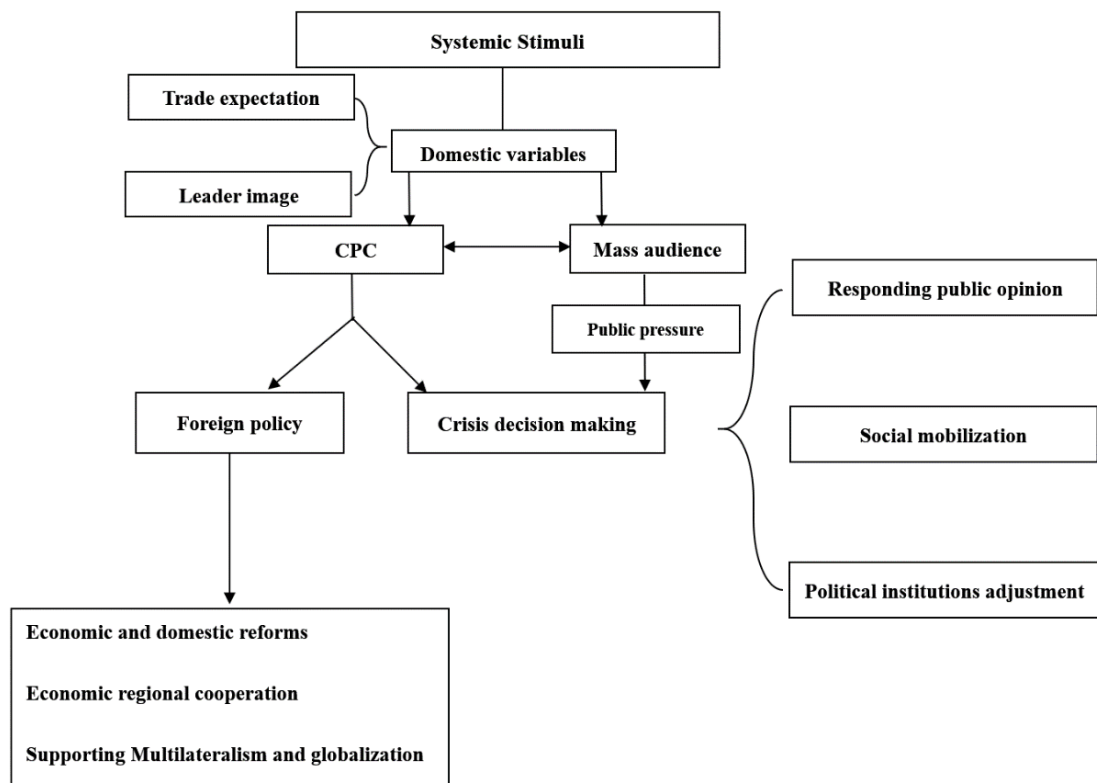
¹⁶³ On the method of process tracking and case study, see Alexander L. George and Andrew Bennett, *Case Studies and Theory Development in the Social Science*, Massachusetts: MIT Press, 2005.

¹⁶⁴ Jessica Chen Weiss, "Authoritarian Signaling, Mass Audiences, and Nationalist Protest in China", *International Organization*, Vol.67, No.1, pp.1-35.

¹⁶⁵ On the study of decision-making mechanism, see Doak A. Barnett, *The Making of Foreign Policy in China: Structure and Process*, Boulder: Westview Press, 1985; Ning Lu, *The Dynamics of Foreign-Policy Decision-Making in China*, Boulder: Westview Press, 1997.

¹⁶⁶ Steven E. Lobell, "The Political Economy of War Mobilization: From Britain's Limited Liability to a Continental Commitment", *International Politics*, Vol. 43, No. 3, 2006, pp. 283-304.

governments mainly has three policy directions. These policies are mainly aimed at the adjustment of domestic environment. The first is to deal with the key factor of the public audience. Chinese leaders should not only absorb the opinions of the mass audience, but also control the destructive effect of the irrational emotions of the public on crisis management. The second is the promotion of mobilization ability and the allocation of resources (funds, personnel, organizational framework). The third is the restructuring and adjustment of political institutions to prevent the crisis from breaking out again in the future. The territorial dispute over Diaoyu Islands between China and Japan after 2012 is the typical case to analyze Chinese response in crisis decision making. As far as foreign policy adjustment is concerned, these policy responses are mainly to maintain a stable neighboring environment, especially when there are fluctuations in relations with other great powers. Therefore, these policies are mainly adjustments to transfer the contradictions. The typical case is the conflict between China and the United States on trade, technology transfer and tariff issue. In general, there are also three adjustment directions. The first is to adhere to the optimization of the domestic economic and political system. The second and most important one is to strengthen regional economic cooperation and maintain stability by economic diplomacy. The third adjustment direction is to adhere to the improvement of the international mechanism under the framework of multilateralism. The most obvious is the signing of Regional Comprehensive Economic Partnership (RCEP) with many Asian countries at the end of the trade frictions, so as to jointly oppose the Trump administration's unilateral sanctions and anti-economic globalization policy.



The two cases selected in this chapter, in addition to crisis decision making and the adjustment of national foreign policy, also belong to the field of sovereign security and economic development respectively. But in both cases, China faced a very clear signal from the regional order, that is, the development dilemma and needs to adjust policies. The analysis of the causal mechanism of Chinese foreign policy shows that under the pressure of the system and the influence of domestic variables of trade expectation and leader images, Chinese leaders would choose the limited policy options under public pressure according to different international signals. Therefore, the task of the second and third chapter is to select independent variables and interference variables, and to judge their rationality. What's more, this is the application of process tracking to analyze that how these factors affect the Chinese foreign policy and construct the causal framework.

Therefore, in the next two parts, the territorial disputes and trade friction would be assessed. This is not a simple statement of facts, but focusing on the China's perception of systemic stimuli (the reasons for the outbreak from the systemic and domestic level), the selection and implementation of policies.

4.2 Senkaku /Diaoyu Islands Dispute and Chinese feedback

The territorial disputes between China and its neighborhood countries have a long history. Apart from the long-standing Diaoyu Island conflict between China and Japan, there are also disputes over islands and reefs in the South China Sea. In the early stage of reform and opening up, in order to maintain a stable surrounding environment to develop the domestic economy, the proposal called "set aside dispute and pursue joint development" became the Chinese policy to cool territorial disputes. However, after the financial crisis in 2008, the United States paid its strategic attention to the Asia-Pacific region, and Chinese foreign policy had fallen into the dilemma of economic cooperation between neighborhood countries and historical territorial disputes. As is pointed out in the third chapter, when Chinese government adjusted its foreign policy, the most important thing is to stabilize the surrounding environment and re-establish a long-term sustainable development environment with shared culture as the previous policies were difficult to sustain. It is also because of the positive response to the national core security interests that Chinese foreign policy has become assertive.¹⁶⁷ Among them, the most typical is the territorial dispute between China and Japan in the Diaoyu Islands. It is also during this period that Chinese foreign policy has become active, even tough. In dealing with the political crisis of territorial disputes, its policy focuses on the game of social mobilization ability. Therefore,

¹⁶⁷ Andrew Chubb, "PRC Assertiveness in the South China Sea: Measuring Continuity and Change (1970–2015)", *International Security*, Vol. 45, No. 3, 2020, pp.79-121.

this section would focus on Chinese perception of the signals released in the territorial crisis, social mobilization, policy-making and implementation.

First, the systemic stimuli are evaluated from the perspective of the Type III Neoclassical Realist Theory. Under the background of the financial crisis, the interactions between China and Japan became assertive, especially Japan, was facing more international pressure. Especially in the case of the continuous development of Chinese economy, the situation of power balancing of the two countries in East Asia has gradually changed. Therefore, Japan needed to adjust its defense plans to strengthened the U.S.-Japan military alliance, and the policy on Diaoyu Island was formulated for China (*Outline of Defense Plan*).¹⁶⁸ After the Japanese government announced the nationalization of Diaoyu Island in September 2012, China precepted the stronger systemic signals, that is Japan was supposed to initiate territorial disputes to fight against China because of the imbalance of power between China and Japan in the Asia-Pacific area. In the Type III Neoclassical Realist Theory, China was facing the restrictive environment because Japan intended to restrict China with the United States, and Vietnam, Philippines, and other Asian countries which has territorial disputes with China wanted to build anti-China front.¹⁶⁹ Such the approach had greatly affected Chinese living space and forced China to make countermeasures and strategic adjustments.

At this time, Chinese domestic environment also forced decision-makers to have a tough response, especially the dispute occurred after the financial crisis. Although Chinese economy has maintained stability under the macro control of Chinese central government, China's trade expectations have declined due to the deterioration of the global trade environment. In particular, the Chinese central government's four-trillion-yuan investment in the market in order to maintain the market stability has increased the inflation rate. And the leader image constantly strengthened the cognition of threat. In addition to the consideration of external environment, the rising anti-Japanese demonstrations at Chinese society also made the leaders realize the need to adopt an assertive attitude to respond to the political crisis. The most obvious is "Baodiaoyundong" (the movement of protecting Diaoyu islands). On August 12, 2012, the Hong Kong ship called "Qifeng-2" sailed to Diaoyu Islands to pledge Chinese sovereignty and successfully landed on the island on the anniversary of Chinese victory against Japanese invasion in the World War Two. Later, Japan illegally seized the 14 crew members and tried to adjudicate them by Japanese law. This incident triggered the mass protests from the Chinese government and the people, intensified the intensity of the game between the two countries, and forced

¹⁶⁸ Liu Jiangyong, "Ribei wuli jieru diaoyudao de tumou yu falvzhijue [Japan's Attempt to Intervene in Diaoyu Islands by Force and Its Legal Restriction]", *International Studies*, No.5, 2012, pp.12-20.

¹⁶⁹ Mark E. Manyin, *Senkaku (Diaoyu /Diaoyutai) Islands Dispute: U. S. Treaty Obligations*, CRS Report for Congress, January 22, 2013, pp. 5-11.

the Chinese government to make a positive response to the voice of the public. It is the long-term public protest that made the Chinese government have more confidence to respond to the public's expectations with assertive means. Based on this, China's tough attitude has been explained by cause and effect under the circumstances of the gradual decline of trade expectations and the increasingly strong leader image.

In response to this territorial dispute, Chinese policy options mainly include the following three parts. The first is to appease and respond to the mass audience. This is reflected in the attitude of the central government towards these demonstrations. Apart from the fact that demonstrations in some domestic cities have not been interfered and ignored by the local governments, public opinion on the Internet and new media has also been absorbed by Chinese leaders, making Chinese foreign policy more open and pluralistic. It is precisely because of the spread of the Internet that the public has a clearer understanding of foreign policies.¹⁷⁰ However, there is still more criticism that Chinese foreign policy was too rigid, which reflects the interaction between public opinion and leader cognition. What's more, Hong Lei, the foreign ministry spokesperson expressed Chinese official firm resistance to Japanese actions, announced that it was an absolute violation of China's territorial sovereignty.¹⁷¹ In particular, after Japan nationalized the Diaoyu Islands, China and Japan were diametrically opposed to each other, and even the situation of close combat between the two countries' maritime surveillance ships appeared to show the credibility of Chinese policy.¹⁷²

At the same time, for the redistribution of resources, China mainly focused on the reorganization of human resources and the efficiency of decision-making through political mechanism adjustment. It should be pointed out that the outbreak of the Diaoyu Islands dispute is not the only reason for the adjustment of the political institutions, but a signal to show the emergency. The purpose of restructuring the inefficient organizational framework after this crisis is to prevent the recurrence of such crises in the future, because territorial disputes would not be resolved in the short term.

The first adjustment is the increase of capital investment. In the four years after the outbreak of the dispute, the growth rate of the budget expenditure of the National Oceanic Administration is very fast, from 4.39 billion yuan in 2010 to 8.29 billion yuan in 2013. Among them, the national expenditure on marine management affairs increased significantly, from 2.12 billion yuan in 2010 to 6.69 billion yuan in 2013.¹⁷³ The second one

¹⁷⁰ On the interaction between the public and the Chinese government in diplomacy policy, see Bai Yunzhen, *Dangdai zhongguowaijiao bianqian he zhuanxing*[*The Evolution and Transformation of Contemporary Chinese Diplomacy*], Beijing: China Social Science Press, 2011.

¹⁷¹ Ministry of Foreign Affairs of the People's Republic of China, *Foreign Ministry Spokesperson Hong Lei's Regular Press Conference on September 11, 2012*, September 11, 2012, available at https://www.fmprc.gov.cn/web/fyrbt_673021/jzhsl_673025/t968441.shtml.

¹⁷² Michael D. Swaine, "Chinese Views Regarding the Senkaku/Diaoyu Islands Dispute", *China Leadership Monitor*, No. 41, 2013, pp. 1-27.

¹⁷³ The data comes from the department budget of National Oceanic Administration (NOA) from 2010 to 2013, available at

is to restructure the political organization and strengthen law enforcement. The Ministry of Land and Resources of the People's Republic of China is responsible for the management of the National Oceanic Administration; the National Oceanic Administration (NOA) has three branches namely, the North China Sea Branch, the East China Sea Branch, and the South China Sea Branch, to carry out maritime rights protection and law enforcement. The three regional sub bureaus set up 11 Marine Police Corps and their detachment in coastal provinces (autonomous regions and municipalities directly under the central government).¹⁷⁴ In addition, the dispute between China and Japan also brought to Chinese attention to the importance of maritime strategy and the shortcomings and problems of previous policies. In addition to deploying more ships to strengthen cruising, it also improves decision-making efficiency through system integration, mainly through the establishment of the PLA Strategic Planning Department, the establishment of the Office of the Central Maritime Rights and Interests, the reorganization of the National Oceanic Administration and the establishment of the National Security Council.¹⁷⁵

The adjustment based on the above three directions not only dispelled the irrational behavior of the mass audience in the short term, but also cooled down the dispute between China and Japan, making China's cruising become the norm state in the sea near the Diaoyu Islands, and safeguards the national territorial security. In the long run, the integration of mechanisms and systems has indirectly enhanced China's maritime power, especially the rise of military defense forces in the first island chain in the Pacific. It is worth noting that after the dispute, the game between China and Japan about the sovereignty of Diaoyu islands has not ended, and even China has not fully gained the advantage from this crisis. However, under the restriction of the United States and its allies, China has obtained the solution from the Diaoyu Islands Dispute, that is, to mobilize at the domestic society on a large scale for releasing the strong enough signal to the outside world on the basis of relative advanced military and economic forces. From the perspective of NRT, Chinese foreign policy is more likely to become radical and even lead to small-scale conflicts under the circumstances of negative trade expectations and leader image—clear awareness of the threat.

4.3 Sino-American Trade Frictions and China's Reciprocal Countermeasures

Since the Trump administration implemented the policy of "America first", he has not only rejected

http://www.gov.cn/govweb/gzdt/2012-04/24/content_2121924.htm.

¹⁷⁴ People News, *Chongzuhou de guojiahaiyangju guapai*[State Oceanic Administration listed after reorganization], July 22, 2013, available at <http://politics.people.com.cn/n/2013/0722/c70731-22271114.html>.

¹⁷⁵ Zuo Xiyang, "Zhongguo zai diaoyudao zhengduan zhong de zhanluedongyuan[China's strategic mobilization in the Diaoyu Islands Dispute]", *Foreign Affairs Review*, No.2, 2014, pp.49-53.

multilateralism, but also adopted restrictive measures against economic globalization, especially the emerging market countries in Asia-Pacific region. In particular, it has planned the new round of trade friction, tariff war and even a science and technology competition against China. Sino-US trade relations has always been the ballast of the bilateral relations. Although China and the United States have conflicting views on science and technology competition and human rights issues, some measures such as large-scale increase of tariffs and restrictions on exports are not the first policy choices of the two great powers. In this section, the systemic stimuli and domestic factors are used to analyze the causes of this trade conflict, and to explain Chinese policy response to this conflict by analyzing Chinese attitude towards the intentional unilateral trade sanction. In addition, this conflict is not limited to the bilateral relations between China and the United States. China's neighborhood countries were more or less passively accepted the negative impact of this incident which also proves that this crisis had gone beyond bilateral relations between China and the United States but affected the global trade even the international system.

For the starting point of this trade friction, it is generally recognized that the United States imposed tariffs on steel and aluminum products from March 8, 2018; On March 22, Office of the United States Trade Representative (USTR) released the *2018 special 301 investigation report*. This report systematically expounded the opinions and requirements of the United States on China.¹⁷⁶ Since then, the United States and China have played games with each other in terms of tariffs and export restrictions. For example, the first measure was the sanctions against ZTE, the Chinese mobile phone manufacturing company, to restrict its sales of software and necessary parts in the United States; Then there were more restrictions on core chips that Huawei mobile phone needed.

From the perspective of international system, this is the manifestation of the restriction of hegemonic countries on the rising countries, especially the rising countries are totally different from the hegemonic countries in terms of political system, ideology and culture. This is also in line with the reason of the change of the international system by Realism, that is, the competition between the hegemonic and the rising countries, and even the war would change the structure of international system.¹⁷⁷ However, China's rise has been shown long ago from the beginning of 21st century, and this kind of conflict suddenly broke out in 2018, so the main reason is in the domestic environments, namely, leader image and trade expectation, which are the variables emphasized in this paper.

¹⁷⁶ Office of the United States Trade Representative, *2018 Special 301 Report*, March 22, 2018, available at: <https://ustr.gov/sites/default/files/files/Press/Reports/2018%20Special%20301.pdf>.

¹⁷⁷ Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500-2000*, New York: Random House, 1987.

First of all, for the initiators of this trade conflict, the leaders of the United States have a strong reaction to China's cognition, and the trade expectation of the United States has shown a downward trend. After Trump was sworn in as the American new president, he put the interests of the Americans first, believing that Chinese huge domestic market and cheap labor force made American manufacturing industry went into a decline.¹⁷⁸ Although this was the product of contradictions accumulated in the United States for a long time since the outbreak of the financial crisis, it is also inseparable from President Trump's personality characteristics, social identity (real estate businessman in traditional industry) and other factors. In particular, his unique business thinking and direct-trading diplomatic style made Chinese leaders feel uncertain. Considering the trade expectation of the United States, the United States believes that the trade between China and the United States is unequal. On the surface, there are three main reasons. China has a large trade surplus with the United States; China has not complied with WTO commitments; China obtained American technology through improper means.¹⁷⁹ However, there are some deep-seated reasons that affect the U.S. trade expectations. The most obvious thing is that while a large amount of trade surplus exists, under the background of financial crisis in 2008, the economic development and economic structure of Chinese surrounding markets, especially the Southeast Asian region, make it a substitute for China's role in the international industrial value chain to a certain extent, which made the U.S. trade and investment in China partially transfer, which also reduces the U.S. trade expectations of China to a relative certain extent. In short, under the influence of leader image and trade expectation, the United States, as a hegemonic power, launched a trade war against China.

At this time, after China received the signal of the restrictions from the United States, the social fluctuation is less than the leadership's judgment on the crisis.¹⁸⁰ The behaviors of the public is in sharp contrast to the territorial disputes between China and Japan. As far as Chinese trade expectation is concerned, though it is limited by the United States, the continuous optimization and upgrading of the Chinese market also keep a positive expectation. After the international financial crisis in 2008, the driving force of Chinese economic growth has experienced more significant structural adjustment: in 2007, China's dependence on trade in goods was 37.5%, and economic growth was mainly supported by export-oriented strategy; After that, China began to adjust its economic growth structure, and gradually changed from export-oriented to domestic

¹⁷⁸ Office of the Press Secretary, The White House, "*Presidential Executive Order on Buy American and Hire American*", April 18, 2017, available at <https://www.uscis.gov/archive/buy-american-and-hire-american-putting-american-workers-first>.

¹⁷⁹ Office of the Press Secretary, The White House, "*Presidential Executive Order on Buy American and Hire American*", April 18, 2017, available at <https://www.uscis.gov/archive/buy-american-and-hire-american-putting-american-workers-first>.

¹⁸⁰ The author believes that in the Diaoyu Islands Dispute, the irrational collective behavior of the public mainly came from Japan's history of aggression against China during World War II, which increased the resistance and tough attitude towards the territorial disputes. As for the United States, Chinese society is more inclusive, because many Chinese are optimistic about the economic and trade relations between China and the United States.

demand driven. In 2017, China's domestic demand grew strongly, with the total retail sales of consumer goods reaching 36.62 trillion yuan, accounting for 44.28% of GDP, an increase of 8.11% over 2007. Of the 82.7 trillion GDP in 2017, only 15.3 trillion was contributed by exports, of which only 19% was exported to the US market.¹⁸¹ After 2013, Chinese foreign policy has focused on the stability of its surrounding environment, and the territorial disputes in the South China Sea have subsided, and it has interacted with neighborhood countries in a new but certain way. All these contribute to the rise of China's trade expectations.

However, the perceptions of Chinese leaders have changed greatly, especially from trade war to tariff war and science and technology war. At the beginning, China thought about a question: was the trade conflict a "Trump Phenomenon" or was the persistent restriction on China from the international system level to affect the future trend of Sino-US relations? This choice had been haunting China. It was obvious that China hoped to stabilize the emerging situation through negotiation and concession in the early stage of coping with the trade friction. For example, China had allowed the United States to enter and supervise ZTE and cool the conflict through multiple rounds of negotiations. Because China knew that the existence of a large number of trade surpluses in the long run did not help stabilize economic and trade relations. Therefore, China hoped to adopt the gradual reform and concession method when China joined WTO in 2001 to solve the dispute. As the spokesman for the Ministry of Commerce said in response to the Sino-US consultations in May 2019, "both sides exchanged in-depth views on the text of the agreement and many issues of concern to both sides, and both sides agreed to continue to maintain close communication".¹⁸² However, after the tenth round of consultations, President Trump issued a tweet announcing that on May 10, on the second day of the tenth-round negotiations, China's tariff on the U.S. exports of \$200 billion was increased to 25 percent, threatening to impose 25 percent tariffs on the remaining \$30 billion of products, and Huawei was listed on the so-called *list of entities* on May 17. These ways of not speaking of credit had made Chinese leaders aware of the need for more intense countermeasures of reciprocity to deal with them. This may be the normal of Sino-US relations in the future, and the strategy of economic contact has been abandoned by the United States.¹⁸³

As a result, Chinese countermeasures against the United States have emerged. In July and August 2018, the United States imposed a 25% tariff on the US \$50 billion products imported from China, and then China used retaliatory measures with full equivalence of scale and tax rate. In the second round of Taxation, the

¹⁸¹ The figures from National Bureau of Statistics, *China Statistics Yearbook 2018*, available at <http://www.stats.gov.cn/tjsj/ndsj/2018/indexch.htm>.

¹⁸² Ministry of Commerce of the People's Republic of China, *Commerce Ministry Spokesperson's Regular Press Conference on May 9, 2019*, May 9, 2019, available at <http://www.mofcom.gov.cn/xwfbh/20190509.shtml>.

¹⁸³ Li Wei, "Cong jiechu dao jingzheng: meiguo duihua jingjizhanlue de zhuanxing [From Contact to Competition: The Transformation of American Economic Strategy Toward China]", *Foreign Affairs Review*, No.5, 2019, pp.54-80.

United States continued to be tough. In September 2018, the United States imposed a 10% tariff on US \$200 billion products imported from China, and increased the tariff from 10% to 25% in May 2019.¹⁸⁴ For this reason, China has also imposed 5% and 10% tariffs on US \$60 billion products to 10%, 20% and 25% respectively. And these measures cannot be long-term measures. For China, this trade framework has sounded an alarm for Chinese government, that is, there are still problems in Chinese financial security, especially in the financial mechanism and the manufacturing of high-technology core industries.

The most important thing is that under the competitive pressure of the United States, China should prevent the deterioration of Sino-US relations and prevent China from losing the ability to play games with the United States in its own strategic interests. In contrast, the latter should be the starting point of Chinese policy towards the United States.

In the long run, Chinese policy directions are divided into the reform of domestic financial institutions, strengthening regional cooperation, and continuing to adhere to multilateralism and economic globalization. As far as domestic policy is concerned, the American export restrictions are not the focus, but the domestic vulnerable financial institutions. In the last round of Chinese financial development and innovation, due to the relative lag of financial regulatory adjustment, many financial chaos such as regulatory arbitrage, leverage nesting, debt risk, savage growth and so on have been triggered. The rectification and construction of a new regulatory framework for these problems would be an important basis for preventing and controlling financial risks and ensuring the stable development of Chinese economy. The adjustment of Chinese foreign policy studied in this paper is a more important measure. As the policy direction proposed in the third chapter, when the trade expectation is expected positive but the leader image is strong, maintaining the stability of the surrounding environment and regional economic cooperation become the top priority. This trade conflict has also brought negative effects to neighborhood countries, and some cooperation policies and mechanisms are urgently needed to promote economic development.¹⁸⁵ In November 2019, the Regional Comprehensive Economic Partnership Agreement (RCEP) announced that the 15 member states had concluded all text negotiations, which indicated that the largest FTA negotiation in East Asia started in 2012 was about to move to the implementation stage, and the integration of East Asia's regional economy made a major breakthrough. This shows that countries in the Asia-Pacific region support economic globalization and multilateral system.

¹⁸⁴ Ministry of Finance of the People's Republic of China, "Announcement on Increasing the Additional Tariff Rate on Some Imported Goods Originating in the United States", May 13, 2019, available at http://www.gov.cn/xinwen/2019-05/13/content_5391208.htm.

¹⁸⁵ On the different attitudes from some Asian countries to the trade friction, see Liu Rongrong and Sun Ru, "Hanguo dui zhongmei maoyimoca de pinggu yu yingdui [The Republic of Korea's Assessment and Response to China-US Trade Friction]", *International Studies*, No.3, 2020, pp.108-123; Gu Qiang, "Yuenan dui zhongmei maoyimoca de renzhi yu zhengce xuanze [Vietnam's Cognition and Policy Choice to Sino-US Trade Friction]", *Southeast Asian Studies*, No.3, 2019, pp.38-59.

With China's other cooperation mechanisms such as AIIB and "One Belt and Road Initiative", China hopes to go beyond the Sino-US trade confrontation and adopt a new form of economic cooperation and institutionalization to redefine the Asia-Pacific regional market. The further development of these economic agreements and mechanisms has created great opportunities for China to get rid of the pressure and threats from the United States, and indirectly promoted the development of its own domestic market.

4.4 Contrast and Comparison

Through the analysis of the Diaoyu Islands Dispute and Sino-US trade friction, the causal mechanism of Chinese foreign policy has been established. However, in these two cases, China would take different policy directions according to different situations and under different systemic pressures, and some comparisons could be found. Under different external environment, the extent of policy response would be different. Thomas Christensen proposed three measurement indicators to analyze the challenges: the target of threat is the country itself, its alliance or neutral country; the time setting is urgent, short-term or long-term; the threat category is military, political or economic, and the country adopts different measures according to its own judgment of the threat.¹⁸⁶ In these two cases, these different characteristics are also reflected.

	Diaoyu Islands disputes	Sino-U.S. trade frictions
Target country	Japan	The United States
Systemic stimuli	Neighborhood country	Hegemonic country
Issue	Traditional security	Economic development
Policy Direction	Social mobilization	Regional cooperation
Strategic focus	Domestic mood	Multilateral balancing
Time dimension	Crisis decision making	Foreign policy
Public pressure	Big	Small
Trade expectation	Negative	Positive
Leader image	Extremely strong clarity	From ambiguity to clarity

In the Diaoyu Islands conflict between China and Japan, under the strong threats of the Asian regional system, the Chinese leaders and the public both have felt considerable pressure, and the national demonstrations in China have also promoted China to take more assertive measures in dealing with the

¹⁸⁶ Thomas J. Christensen, *Useful Adversaries: Grand Strategy, Domestic Mobilization, and Sino-American Conflict, 1947-1958*, Princeton, N. J.: Princeton University Press, 1996, pp. 27-28.

territorial disputes. At the same time, the Chinese leadership also realized that this is an important political crisis, that is, how to deal with the contradiction between the large-scale domestic public opinion and the maintenance of foreign policy rationality and the maximization of national interests.¹⁸⁷ Therefore, the role of the CPC in the territorial disputes between China and Japan is more about how to maintain its legitimacy, so it has adopted more internal measures, focusing on improving its mobilization ability and mobilizing as much social resources as possible to deal with traditional security issues. In fact, when China expresses its position to the outside world, it is also using public opinion to increase the credibility of the signal. Its main means is to use its own ideology and historical accumulation, because in the era of mass politics, ideology helps leaders to draw resources and mobilize the domestic public to support its grand strategy. In view of the historical games of territorial sovereignty in this political crisis, the measures between China and Japan in this crisis are very intense. The reason is that neither country can make the compromise on this issue at the expense of public opinion and legitimacy of political power. Its follow-up impact is also great, which is mainly reflected in three aspects.

First, the economic and trade relations between China and Japan had been greatly affected. The spontaneous boycott of Japanese goods by the Chinese people had frustrated Japanese exports to China and affected Sino-Japanese economic and trade relations to a certain extent. Second, people to people exchanges had dropped sharply. Under the premise of the escalation of the Diaoyu Islands Dispute, affected by the anti-Japanese demonstrations, Sino-Japanese non-governmental exchanges and public diplomacy have been seriously affected, and many exchange projects had almost stopped. Third, it was difficult to carry out summit diplomacy. Affected by the anti-Japanese demonstrations, it was difficult for China and Japan to resume their summit diplomacy. Coupled with the two-sided tactics and uncompromising policy of Abe's government, the prospects for the diplomatic relations between the two heads of state were even bleak. However, after this territorial conflict, China has paid more attention to its maritime policy and used more funds, human resources, and military facilities for the implementation of its maritime policy, such as the construction of islands and reefs and its defense deployment.

On the other hand, China's handling of this Sino-US trade friction is more rational, and its policies are more diversified and comprehensive. The economic and trade relations between China and the United States not only affect the two domestic markets of China and the United States, but also make outstanding contributions to the stability of the global market. In dealing with such incidents, the Chinese government

¹⁸⁷ Randall L. Schweller, "Neoclassical Realism and State Mobilization: Expansionist Ideology in the Age of Mass Politics", in Steven E. Lobell, et al., eds., *Neoclassical Realism, the State, and Foreign Policy*, Cambridge: Cambridge University Press, 2009, pp. 227-250.

cannot conduct extensive social mobilization like in territorial disputes, but firmly held the right of discourse and policy-making in the hands of top leaders. Therefore, in this trade dispute, China used regional cooperation, economic cooperation and other means to maintain stable relations with neighborhood countries, forming a broad united front to oppose the unilateral sanctions of the United States. Therefore, in dealing with such incidents, China mainly adopted the joint and cooperative export-oriented policy to provide more policy space and opportunities for China; As for some domestic reform measures, including adjusting the financial system and increasing investment in science and technology, they are long-term measures, and it is difficult to see the effect in the short term.

Through the contrast and comparison of the two cases, it could be seen that Chinese measures would have different focuses in response to different system signals, different countries and environments, and different domestic intervening variables. When dealing with short-term crises, China tends to stabilize its domestic order and use its strong mobilization ability to deal with these crises with the united state-society relations. When dealing with long-term adjustment of foreign policy, China tends to use its own economic relative advantages, unite with regional countries so as to carry out economic cooperation and institutional construction to stabilize the surrounding environment and create policy space for China itself.

Conclusion

Since the outbreak of the financial crisis in 2008, with the continuous development of the economic capability of emerging countries, the world structure has become more complex and uncertain, and the Asia-Pacific region has become the most important region of competition and contradictions among great powers including the United States, China, Japan and other countries. In this background, Chinese foreign policy also creates a different development direction with the change of the Asia-Pacific order. This paper discusses the reasons and effects of adjustment of Chinese foreign policy from 2008 to 2020. The reasons for the change are not only the adjustment caused by the change of the system structure which is proposed by Structural Realism, but also the products of the system structure and domestic variables according to the Type III Neoclassical Realist Theory (NRT), which is a new method in Realism IR Theory after the cold war and is applied to analyze the reasons for the changes of Chinese foreign policy.

The Type III NRT goes beyond the Type I NRT which takes explaining foreign policy on a specific country as the research method and the Type II NRT which takes domestic variables as the independent variables. It proposes systemic stimuli as the independent variable and selects different domestic variables as intervening variables according to the time range of the dependent variables to explain the foreign strategy of a specific country. According to this theoretical framework and Chinese conditions, the dependent variable is the change of foreign policy since the 2008 financial crisis. The order of the Asia-Pacific region is taken as the independent variable, and the two domestic factors of trade expectation and leader image are taken as the interference variables.

The first one is to explore the reasons from the perspective of systemic stimuli in the Asia-Pacific order, that is, the transformation of the Asia-Pacific order has made China perceive greater pressure and threat. After the financial crisis, the Asia-Pacific order has shown the dynamic perspective of “multiplex interactions”. The dualistic stable situation that China and the United States were the two centers of the Asia-Pacific region and the two issues of security and economy were interactive issues are changed. The competition between China and the United States changed from the competition of material capability to institutional balancing. What’s more, from the Asia-Pacific Rebalance to the Trump administration’s “Indo-Pacific strategy”, the United States has gradually strengthened its restrictions on China through geopolitics tools and American military alliance. As a result, China has gradually felt the strong pressure from the hegemonic power and the Asia-Pacific order, mainly due to the rising clarity of threats and the more restrictive strategic environment to China.

However, the change of the Asia-Pacific order is not the only motivation of adjustment of Chinese foreign

policy, and the active attitude to the adjustment for Beijing also has important domestic backgrounds. This paper mainly selects two domestic variables: trade expectation and leader image. After the 2008 financial crisis, the Chinese government accelerated the reform of its economic structure, making trade expectation more stable and positive; After the 18th National Congress of the CPC, the new diplomatic decision-making circle with Xi Jinping as its core is more optimistic about the situation around China and the international situation, and has a clearer understanding of China's future development goals. Under the interaction of these two domestic variables, Chinese foreign policy focuses on economic cooperation in the Asia-Pacific region and provides more public goods for this area through a series of Chinese proposals.

Under the influence of systemic stimuli and domestic variables, after 2008, Chinese foreign policy has become more active even assertive and some new features have emerged. The first one is to pay more attention to the role of neighborhood diplomacy in Chinese foreign policy, and to balance the American alliance by stabilizing China's surrounding environment. The second feature is the adjustment of foreign policy from "keeping a low profile" to "striving for achievements". It emphasizes that China would think about the international system from its own perspective, and actively puts forward theories and propositions that are in line with Chinese own interests and the trend of international order, such as the Common Destiny of Mankind. Third, China firmly continues to adhere to multilateralism to shoulder more international responsibilities and provide more public goods for the world.

Therefore, China was facing more clear signals of threats and regional pressures after 2008. However, Chinese leaders did not passively accept these pressures, instead, actively adjusted foreign policies under the joint influence of positive trade expectation and strong leader image, that is neighborhood diplomacy becoming the starting point, economic cooperation as the tool, multilateralism and economic globalization being the future of international system.

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Summary

Since the financial crisis in 2008, some new changes have taken place in the international system. The material capability of emerging markets represented by China has gradually overtaken that of many western developed countries. In 2009, the Group 20 (G20) replaced the Group 8 (G8) as the important main platform for global economic cooperation and governance. In this context, the Asia-Pacific order and the foreign policies of the actors in this region, including the sovereign states and multilateral cooperation organizations, have undergone some great changes. At the same time, Chinese foreign policy has been greatly adjusted after the financial crisis, and has changed in a different direction. This paper is devoted to analyze the reasons and characteristics of the adjustment of Chinese foreign policy.

This paper proposes the explanation framework based on the Type III Neoclassical Realist Theory (NRT). The logic chain adopts the method of cross-level research. In this framework, independent variables are the systemic stimuli to China due to the transformation of the Asia-Pacific order. The intervening variable are the two domestic variables in China - trade expectation and leader images. The dependent variable is the national behaviors, that is, the adjustment of Chinese foreign policy. The author believes that after 2008, the pressure from the Asia-Pacific order has risen and is constantly clear, which makes Chinese leaders realize that the previous Chinese foreign policy has been in a dilemma and needs to adjust its direction.

This is closely related to the American Asia-Pacific policies and the strengthening of the relations between the American allies in the Asia-Pacific region. If the systemic pressure has effected the Chinese foreign policy, then domestic variables would limit the direction of Chinese policy. In the domestic environment, two domestic variables restrict the choices of Chinese foreign policy. This paper thinks that after 2008, although the trade expectation has declined occasionally in several territorial disputes in the surrounding areas, the measures of the Chinese government to reform the economic field and ease the surrounding environment make Chinese trade expectation continue to improve, which makes China put forward more proposals for cooperation and reform to multilateral mechanisms. On the leader image, Chinese decision-makers correctly recognize the signals from the Asia-Pacific order and make a more correct judgment to Chinese neighborhood environment. In addition, the CPC and Chinese central government has completed the change during this period (2008-2020). President Xi Jinping's distinctive personality and his judgements of the relations between China and the international pattern make Chinese foreign policy more inclined to active adjustment. China also acts as an active participant rather than passively accepting the role of providing more public products

and cooperation platforms to the countries in the Asia-Pacific region. These are all new features of Chinese foreign policy after 2008, which can only be shown from the perspective of interaction between domestic and international levels.

Different from the basic logic of Structural Realism, this paper adopts the theoretical logic of Neoclassical Realist Theory, that is to say, it is more aimed at the changes of foreign policies, especially the policy of major powers in the international system. From the perspective of NRT, the only variable that effects national behavior advocated by Structural Realism is that system structure which cannot explain the adjustment of foreign policy. On the other hand, the method of only analysis of domestic factors ignores the change of international environment as the background. Therefore, it is only appropriate to combine the two methods together to analyze foreign policy.

From the perspective of cross-level analysis, the changes of Chinese foreign policy are mainly due to the following reasons. The first is the influence of systemic factors. In the Asia-Pacific region, the game of balance of material power between China and the United States has always dominated the security situation in the region. With the rising of Chinese economic strength and the U.S. rebalancing to the Asia-Pacific region, the two countries inevitably have conflicts of national interest. As the only hegemonic power, the United States has been increasingly obvious in its all-round suppression and restriction on China. For example, during the Obama administration, the United States used multilateral means of institutional balances and strengthening military alliances to compress Chinese strategic space; However, the President Trump has directly imposed unilateral sanctions on China's relatively weak financial sector and science and technology sector, launching the trade war, tariff war and the technology war. Meanwhile, China is also aware of the increasing threat, breaking through the restrictions of the United States on China by stabilizing the neighborhood environment and providing more public goods to other Asian countries. This is the systemic reasons for the change of Chinese foreign policy.

The two domestic factors selected in this paper promote the speed of this adjustment. From the perspective of trade expectation, Chinese trade expectation has maintained stability and positive, which has made China have more options for adjustment. There are some factors for the continued improvement of trade expectations.

The first one is to adjust the domestic economic structure, which makes Chinese economic rise more dependent on domestic consumption rather than relying solely on good exports. The second one is the decline of external dependence. Thirdly, the neighborhood situation around China is constantly stable. China established some multilateral cooperation mechanism by taking its own economic advantages to stabilize its

surrounding environment. From the perspective of the leader images, Chinese leaders have some new understandings of Chinese role and the trend of the Asia-Pacific situation. While this is closely related to the rise of Chinese economic strength, It is also the update of the “operation code” of the foreign decision-makers at the core of President Xi Jinping. It is believed that China needs to establish a multilateral cooperation platform in the Asia-Pacific region which is different from the one made by western developed countries. Therefore, after 2013, Chinese foreign policy has paid more attention to participating in multilateral cooperation from Chinese perspective as an initiator. Based on this, the changes in Chinese domestic environment also make the foreign policy more active and provide more proposals that are in the common interests of Chinese national interests and neighborhood countries.

The first chapter mainly introduces the Neoclassical Realist Theory (NRT) and establishes the analysis framework based on this theory. The first section is the literature review of the existing research method of Chinese foreign policy.

There are three main perspectives on the changes of Chinese foreign policy. The first is the perspective of power transition based on the realism, that is to say, there is the power transition between China and the United States, and China, as the rising power, naturally needs to adopt more radical and assertive policies to achieve its rise. However, because of the strategic restraint and the limitation of nuclear weapons between the two countries, the hot war would not break out, so there would be different specific manifestations. In addition to the vicious competition between the two countries caused by the security dilemma identified by realism, there would also be competition and balance in economic cooperation mechanism and security organization. Based on the structural contradictions and asymmetric economic dependence between China and the United States, the competition between China and the United States would also appear in the economic field, including trade, tariffs and other fields. This was evident during the Trump administration. The second research path is the adjustment of Chinese policy driven by domestic environmental changes. This research path pays more attention to the changes of domestic factors in China since the 2008 financial crisis. First of all, China’s strong economic strength has continuously expanded its overseas interests, so it needs to expand its own interests in Chinese surrounding areas and transportation arteries. Chinese strong economic potential also gives neighboring countries the free ride and makes cooperation the keynote of Chinese foreign policy. On the other hand, the rising nationalism in China would also affect Chinese foreign behaviors. For example, China’s long-term adherence to patriotism education makes the CPC have more ability to unite the public and achieve efficient social mobilization. The third research path is the Chinese active adjustment, which is based on China’s new positioning in the international system and the changes on the basis of Chinese traditional culture,

such as president Xi Jinping's more emphasis on traditional culture in foreign policy.

Therefore, the three research methods could also be seen as the concrete explanation of the three paradigms of IR Theory—Realism, Liberalism and Constructivism. However, different from liberalism which emphasizes institutions and domestic environment, this paper still holds the view that the decisive factor of Chinese foreign policy lies in the external factors, that is, international system, rather than those institutional factors. At the same time, different from the constructivism that emphasizes shared knowledge and norms, though these cultural variables have an important impact on the whole international system and Chinese foreign policy, there is no obvious difference between the international system after the 2008 financial crisis and the one dominated by the United States after World War II. In addition, in such a relative short period (2008-2020) for a great power, only the redistribution of national interests under the influence of system factors (NRT's proposition) is the core of this paper, which focuses on the interactive relations between the adjustment of Chinese foreign policy and the Asia-Pacific order.

The second section of this chapter is the carding of Neoclassical Realist Theory. NRT is an analytical framework established after the cold war on the basis of criticism of Structural Realism. The term was originally proposed by Gideon rose in 1998. After the cold war, this kind of cross-level research method, which combines the international system level with the domestic level, has gradually become the most active branch of realism school, mainly based on the empirical research on foreign policy of the major powers. The focus is that under the systemic stimuli, the theory considers the role of domestic intermediary variables, and then analyzes national foreign policy. Unlike the international political theory, NRT is committed to theorize foreign policy and solves issue-oriented puzzles. There are three different stages in the development of NRT. The first stage of NRT focuses on the case that structural realism cannot explain to analyze; the Type II NRT focuses on the influence of domestic factors on foreign policy, and takes the international system as the background.

The Type III NRT selected in this paper is to take the international system as the independent variable again, and decompose the process of foreign policy into three stages: perception, decision making and policy implementation. In this paper, the framework of this analysis is partially modified. First, in terms of systemic stimuli, most of the pressure China perceives comes from the changes in the order of the Asia-Pacific region, not from the whole international system. In the selection of intermediary variables, the author chooses two variables, trade expectation and leader image, to analyze. This is because it reflects the steady rise of Chinese material capability and the willingness to rise peacefully.

The main content of the Chapter Two is the analysis of the Asia-Pacific order and China's perceived pressure. This chapter is divided into three parts. The first section is an overall analysis of the Asia-Pacific

order. It holds that the overall characteristics of the region are multiplex and dynamic instability, rather than the dual pattern of China and the United States. First, from the perspective of geopolitics, because of the solidification of American interests in the Asia-Pacific region and the expansion of Chinese interests, it is extremely easy to lead to the security dilemma between China and the United States, and then to carry out the arms race in the South China Sea and the Taiwan Strait. China with rising comprehensive strength would reshape the geopolitical structure around it, which would weaken the U.S. dominance of the regional geopolitical pattern. The United States has increased its resources investment in the Asia-Pacific region, enhanced its security ties with some countries in the region, and intensified the geopolitical competition between China and the United States. From the dynamic perspective, the binary opposition order of “relying on China economically and seeking the United States for security” is also changing, and the hegemony of the United States in the Asia-Pacific region is unstable and incomplete. What’s more, the future of the Asia-Pacific order is to achieve institutional balancing between China and the United States, such as the establishment of the similar multilateral mechanism centered on China and the United States to maintain their own interests, which would make the Asia-Pacific region stable to a certain extent.

The second part of the second chapter is to analyze the role of the United States in the Asia-Pacific region. In the past ten years from the Obama administration to the Trump administration, the United States has been increasing its resources investment in this region, and the intention of China’s rise has also been increasingly obvious. During the Obama administration, the United States mainly restricted China through its own military alliance, which was in the circumstance of competing with China for dominance, such as the exclusive TPP; In the four years of Trump administration, under the policy of “the American first”, the United States changed the way of restriction from multilateral means to the adjustment of bilateral relations, which was reflected in the trade friction and unilateral sanctions against China under the “Indo Pacific strategy”.

Behind these policies is the strategic dilemma of the United States. The first is the problem of excessive expansion of the United States after the cold war; Secondly, the United States does not have enough economic and military strength to fulfill its commitments to its allies, so it can only choose to shrink passively; The third problem is the status dispute between the United States and China in the Asia-Pacific order, which leads to the “status dilemma”.

On this basis, the third part in this chapter is Chinese perception of the systemic stimuli. According to the attribution of international system in the Type III NRT, the pressure is mainly considered from three perspectives. The first is the distribution of relative material capability. The Asia-Pacific region is the order with China and the United States as the core, but other countries, especially Japan and ASEAN, still have the

restrictive effect on these two powers. From the perspective of the clarity of the whole system, the systemic pressure that China was facing is from constantly vague to clear, that is, the pressure exerted by the United States on China is increasing and the surrounding environment of China is deteriorating. At present, China faces the much more constrained strategic environment, and the worse thing is that the strategic environment judged by the United States is also constrained, because the relative capability of China and the United States is constantly approaching and there is the environment of mutual balancing.

The third chapter mainly analyzes the adjustment of Chinese foreign policy from the domestic variables, and believes that the adjustment direction of Chinese foreign policy is more from its own point of view, undertakes more international responsibilities, and handles the neighborhood affairs with a more positive and active attitude. This chapter is divided into three parts. The main content of the first section is the new changes and characteristics of Chinese foreign policy.

The author believes that since 2008, there have been three important critical points in the adjustment of Chinese foreign policy: the publication of the White Paper *China's peaceful development* in 2011, the Neighborhood Diplomacy Work Conference held by the CPC in 2013, and the Central Conference on Work Relating to Foreign Affairs held in 2018, which formally put forward the conclusion of "profound changes unseen in a century". But in these adjustments, China still faces some obstacles. For example, when dealing with the surrounding issues, China is easy to fall into the dilemma between national interests and socialism ideology. What's more, there is still a gap between China's positioning and other countries expectations to China.

However, some new features are also worthy of attention. China has the new understanding of economic globalization and its own position, that is, from "keeping a low profile" to "striving for achievements". For example, the starting point of China's major power diplomacy is that China is a major power, rather than just focusing on cooperation and competition with other powers. And these changes are carried out under the influence of domestic factors.

This paper selects trade expectation and leader image as two domestic variables to analyze Chinese foreign policy. From the perspective of trade expectation, Chinese trade expectation keep steadily positive after 2008. This judgment is not only based on Chinese economic data, but also based on the adjustment of Chinese domestic economic structure and the constantly stable neighborhood environment. From the perspective of leader image, the different leadership styles of President Hu Jintao and President Xi Jinping and the "operational code" made up of their perception and growth experience have made Chinese foreign policy more assertive after the 18th National Congress of the CPC, especially when facing the territorial dispute crisis

surrounding China. Therefore, after 2008, Chinese trade expectation remains positive and stable; Leader image have the increasingly clear perception of the role of China and stronger awareness of threats have made Chinese foreign policy more active and focused more on economic cooperation with neighborhood countries.

The fourth chapter is case study. This paper selects two cases for contrast and comparison. One case is the conflict between China and Japan over the territorial sovereignty of the Diaoyu Islands in 2012, and the other one is the trade friction between China and the United States that has broken out since 2018. Through the case study, this paper establishes the causal mechanism of Chinese foreign policy from the perspective of NRT, that is, how China recognizes threats and completes policy formulation and implementation under the dual effects of systemic stimuli and domestic variables.

This paper argues that both the leaders of the CPC and the mass audience could feel the pressure of the system and make the different choices, and influence each other. For example, Chinese leaders would face strong public opinion pressure with the rising nationalism, and the Chinese government should actively respond to public expectations and turn this pressure into a source of credibility of foreign policy. Among them, the most obvious one is the political crisis between China and Japan over the sovereignty of the Diaoyu Islands. Therefore, when dealing with this dispute, the Chinese government adopted the way of domestic reform to stabilize the surrounding situation.

There are three main directions. The first is to appease the public and realize the consensus between the central government and the society; The second one is the social mobilization and redistribution of strategic resources to meet the challenges of Japan; The third is to reform the political institutions and optimize the decision-making process to prevent the similar disputes from happening again. Corresponding to this territorial dispute is the trade frictions between China and the United States. According to the positive trade expectations and strong leader image, China has made a tough response and reciprocal countermeasures against the United States. At the same time, it has also transferred strong systemic stimuli from the adjustment of domestic financial institutions, economic cooperation in the Asia-Pacific region, and continued adherence to the multilateral mechanism.

Based on this, Chinese measures would have different emphases in response to different system signals in the different international environments and different degrees of domestic intervening variables. When dealing with short-term crises, China tends to stabilize its domestic social order and use its strong mobilization ability to deal with these crises. When dealing with diplomatic issues like Sino-US trade issues, China tends to take its own economic advantages, unite with neighboring countries, carry out economic cooperation and institutional construction to stabilize the surrounding environment and create policy space for itself.

Therefore, according to the Type III NRT and the cross-level research path, the reasons why the direction of Chinese foreign policy is adjusted is influenced by the combination of systemic stimuli and domestic variables but the key factor is in the transformation of Asia-Pacific order. What's more, China faced more clear signals of threats and regional pressures after 2008 and will face much more systemic stimuli in the future because of China itself and the only hegemony—the United States. However, under the joint influence of positive trade expectation and strong leader image Chinese leaders need to actively adjust Chinese foreign policies rather passively accept these pressures.