

Jan Hornát
Lukáš Kindl

Global Competition or Convergence?

Ideological and Economic
Interactions of a Rising
China and the U.S.

KAROLINUM



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List of abbreviations

ACOTA	Contingency Operations Training and Assistance program
AFRICOM	U.S. Africa Command
AGOA	African Growth and Opportunity Act
AU	African Union
CCP	Chinese Communist Party
CFR	Council on Foreign Relations
CNOOC	Chinese National Offshore Oil Corporation
CNPC	China National Petroleum Corporation
CPA	Comprehensive Peace Agreement
CSIS	Center for Strategic and International Studies
DFA	China's Department of Foreign Aid
DFEC	China's Department of Foreign Economic Cooperation
DRC	Democratic Republic of Congo
ECOWAS	Economic Community of West African States
EXIM Bank	Export-Import Bank (both in the U.S. and China)
FALSG	Foreign Affairs Leading Small Group
FDI	foreign direct investment
FNLA	National Liberation Front of Angola
FOCAC	Forum on China-Africa Cooperation
FTZs	free trade zones
GAO	U.S. Government Accountability Office
GHI	Global Health Initiative
GNPOC	Greater Nile Petroleum Operating Company
GSP	Generalized System of Preferences
IMET	Military and Education Training
IMF	International Monetary Fund
JEM	Sudan's Justice and Equality Movement
KMT	Kuomintang

LDCs	Least Developed Countries
MCA	Millennium Challenge Account
MCC	Millennium Challenge Corporation
MEND	Movement for Emancipation of the Niger Delta
MOC	China's Ministry of Commerce
MOFA	China's Ministry of Foreign Affairs
MPLA	Popular Movement for the Liberation of Angola
NATO	North Atlantic Treaty Organization
NCP	Sudan's National Congress Party
NEPAD	New Partnership for Africa's Development
NGOs	non-governmental organization
NNPC	Nigerian National Petroleum Corporation
NSS	U.S. National Security Strategy
ODA	official development assistance
OECD	Organization for Economic Cooperation and Development
OPEC	Organization of Petroleum Exporting Countries
OPIC	U.S. Overseas Private Investment Corporation
PBSC	Politburo Standing Committee
PEPFAR	President's Emergency Program for AIDS Relief
PRC	People's Republic of China
SASAC	China's State-Owned Assets Supervision and Administration Commission
Sinopec	China Petrochemical Corporation
SLM/A	Sudan Liberation Movement/Army
SOEs	Chinese State-Owned Enterprises
SPLM	Sudan People's Liberation Movement
TSCTP	Trans-Sahara Counterterrorism Partnership
UN	United Nations
UNAMID	United Nations Mission in Darfur
UNITA	National Union for the Total Independence of Angola
USAID	U.S. Agency for International Development
USFCS	U.S. Foreign Commercial Service
USTR	U.S. Trade Representative
WTO	World Trade Organization

Foreword

The rapid rise of the People's Republic of China (PRC) is a notoriously debated and analyzed phenomenon both in academic circles and the mainstream media. Therefore, presenting here some hard data regarding the PRC's modernization would be redundant, despite the fact that this publication carries the keyword in its very title. Leaving the definition of the term "rise" aside and, in fact, taking it for granted, it is important to assess what possible implications the modernization of the most populous country in the world may have when interacting with the current hegemon of the international world order – the United States (and the rest of the so-called "Western" countries).

The dynamic of internal changes in China – whether these changes impact its national economy or its political order and distribution of power – has imminent influence on its relations with the rest of the world. Given China's substantial share in total world trade, its economic policies can potentially disrupt existing mechanisms of the international economy.¹ Similarly, its internal political reforms may significantly alter its standing and relationships within the international community. It is often argued in this publication that the Chinese Communist Party (CCP) increasingly derives its legitimacy not from ideology (be it Marxist or Maoist), but from economic growth and its ability to ensure welfare for its citizens. Inherently, this means that China's political system is arguably dependent on economic success (which is achieved through policies aimed at maximizing economic growth).

1 The PRC is the leading world exporter with 11.7% of the total of the world's exports. The United States maintains an 8.4% share of world exports. See World Trade Organization, *International Trade Statistics 2014*, 26, https://www.wto.org/english/res_e/statis_e/its2014_e/its2014_e.pdf (accessed 26 July, 2015).

The important, and perhaps less treated, question vis-à-vis China's rise is how and to what extent do internal changes in China affect its external behavior and thus its relations with the United States and other established "Western" powers. The first rebuke of the research question could be that the effects are so extensive and complex that it is impossible to quantify them – we can observe, of course, the clout of China's rise in the political sphere (e.g. Beijing's behavior and assertiveness in international organizations and multilateral fora), the economic sphere (e.g. currency manipulation, setting or dismantling of trade barriers), geopolitical sphere (e.g. territorial disputes, the formation of various formal and informal regional groupings and organizations led by Beijing) and cultural sphere (e.g. China's increasing attempts to boost its soft power through a worldwide network of Confucian Institutes). It is therefore not in the interest of the authors of this publication to measure and encompass the entirety of the question, but rather to provide an incursion into this problem through two specific case studies.

To simplify the research question, we can ask what the clash of two politically, culturally and economically different internal orders of the U.S. and China will mean for their future interactions in the twenty-first century. Yet, given the scope of the problem, the two case studies will not serve the purpose of providing an empirical basis on which a conclusive answer to the research question will be formulated. Rather, they will serve to demonstrate concrete effects of China's modernization on the interests and mutual interaction with the United States and the rest of the international community.

The first study in the publication titled "Liberal Democracy and Chinese Political Culture: American Perspectives and Perceptions" focuses on how the PRC's modernization may lead to its democratization and more particularly how this "democracy" would be designed (i.e. how would Chinese political culture adopt this model) and what implications this would have for Beijing's relations with Washington and the wider "West."

There is no doubt that a sudden revolution in a country the size and importance of China would have far-reaching consequences for the East Asian region and for the stability of the international system as a whole. Therefore, analysis based on a thorough research is needed to help foresee the possibility of adapting democracy to Chinese particularism, ensure the sustainability of the new regime and avoid non-conceptual institution building. At the same time, the United States' approach toward China should be nuanced and sensitive to cultural particularities that will

shape Chinese democracy. The study thus firstly looks at the underlying paradigms of U.S. democracy promotion – this is important in order to realize what the United States actually “expects” of a democratic regime in China (and elsewhere) and why it supports democratic initiatives. It is argued that democracy promotion is an integral part of U.S. Grand Strategy and – following Christopher Layne’s interpretation² – a vestige of the Open Door policy.

U.S. Grand Strategy is a fairly ambiguous term and has held various meanings and implications throughout different presidential administrations. Although each U.S. president has defined his “own” Grand Strategy, an all-encompassing definition can still be made, with some limitations. A Grand Strategy is grounded in the “national interest,” has a moral/normative dimension and constitutes something of a “starting point” to formulating concrete policy.³ The exact nature of Grand Strategy may change with every president, but the creed behind it remains the same.

Associating democracy promotion with the Open Door policy is in line with the theses of American historians such as Walter LaFeber, William Appleman Williams and Thomas McCormick.⁴ These scholars formulated the “open door interpretation” of U.S. foreign policy. They argue that the Open Door policy not only survived its eclipse in the 1930s Far East, but it emerged as one of the most enduring concepts in U.S. foreign relations even during the Cold War.

The study then discusses how, due to the policy of democracy promotion, Washington is inclined to universalize the values of liberal democracy. The universalization of liberal values often leads to shortsightedness and the overlooking of national, cultural and social particularities of given states. On the other hand, the idea that the adoption of universal values will lead to a more peaceful world plays an important role in promoting democracy. The “democratic peace theory,” stating that democratic regimes do not engage in military conflict with other democratic regimes, supports this premise.

2 Christopher Layne, *Peace of Illusions: American Grand Strategy from 1940 to the Present* (Ithaca: Cornell University Press, 2006).

3 Layne, *Peace of Illusions*, 203.

4 See William Appleman Williams, *The Tragedy of American Diplomacy* (New York: W. W. Norton & Company, 1952). Walter LaFeber, *The New Empire: An Interpretation of American Expansion, 1860–1898* (Ithaca: Cornell University Press, 1963). Thomas J. McCormick, *America’s Half-Century: United States Foreign Policy in the Cold War and After* (Baltimore MD: Johns Hopkins University Press, 1989).

Democratic peace has been widely discussed by scholars of both the (neo)realist and (neo)liberal schools of international relations (IR).⁵ One of the conclusions of the debate, on which advocates of both IR schools of thought agree, is that mutual perception of the two “democratic” regimes is pivotal to fostering “democratic peace.” In the case that one of the regimes does not perceive the other as a democracy, the “democratic peace” theory is not applicable. This point is crucial for the relations between a hypothetical democratic China and the United States.

A qualitative approach, rather than quantitative, has been chosen to evaluate the (hypothetical) mutual perception of the two countries. Although the study builds on certain aspects of Gabriel Almond and Sidney Verba’s 1963 book “Civic Culture”⁶, the lack of measurable and up-to-date data about Chinese people’s values made a thorough quantification impossible. In their work, Almond and Verba discussed the historical origins of “civic culture” and its functions in the process of social change. Through cross-sectional surveys, they compared and contrasted the patterns of political attitudes in five countries (USA, UK, Mexico, Germany and Italy) and concluded that certain forms of civic attitude (political participation, tolerance, interpersonal trust etc.) are necessary for the adoption of an “efficient” democracy. Further research and elaboration of political culture, by Ronald Inglehart, Christian Welzel or Robert Putnam for example, aimed to identify specific cultural traits, which were conducive to accepting democracy.⁷ This constructivist approach is applied in the second chapter of the study.

Aspects of Chinese political thought, Confucian ethics and social morals are analyzed to provide a plastic picture of Chinese political culture and its contemporary political implications. The paper assesses the traditional position and obligation of the ruler in a Confucian society; the perception of the individual and authority; the instance of Confucian social harmony and chaos; the historical conception of rights and duties; and the interactions of Chinese thought with Western concepts. These phenomena provide a basis for understanding Chinese political culture

5 Perhaps the most comprehensive debate can be found in a reader edited by Michael E. Brown, Sean Lynn-Jones and Steven Miller, *Debating the Democratic Peace* (Cambridge MA: MIT Press, 1999).

6 Gabriel Verba and Sidney Almond, *The Civic Culture: Political Attitudes and Democracy in Five Nations* (Princeton NJ: Princeton University Press, 1963).

7 For example, in Robert D. Putnam, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton NJ: Princeton University Press, 1993) or Ronald Inglehart and Christian Welzel, *Modernization, Cultural Change and Democracy: The Human Development Sequence* (New York: Cambridge University Press, 2005).

and its potential approach to democracy. The traditional texts of Confucian (and neo-Confucian) scholars were instrumental in conducting the necessary research for this part of the study – especially the works of Mencius, Xunzi or Huang Zongxi.⁸

The final chapter of the first study is a synthesis of the two previous chapters and serves as a broader conclusion. Firstly, the dynamism of political culture is considered in the context of globalization and China's increasing modernization. Opinion polls and value surveys are cited to empirically illustrate and uphold some conclusions from part two. Possible future shifts of political culture are considered, mainly with the regard to Taiwan – a “Chinese” Confucian society that has adopted a democratic system. Finally, the paper ponders the perception of China's prospective democracy by the United States and whether such democracy will meet American “expectations.”

The second study titled “The Impact of China's Engagement in Sub-Saharan Africa on U.S. Political and Economic Interests on the Continent (2000–2012),” being of less theoretical nature and focusing on empirical data or “hard facts,” points its focus towards the practical and currently observed aspects of U.S.-China relations and interactions in Africa, namely in Nigeria, Angola and Sudan.

The first two chapters of the study offer general characteristics of China's and the U.S. policies towards Africa. They are based on analysis of data collected from official government sources⁹ and studies by respected scholars on the topic whose views are confronted. These chapters provide a basis for further research by identifying interests of both countries and general policies employed to achieve them. Further analysis can thus determine Chinese motivations by looking at its interests. Similarly, by identifying the U.S. interests, the study can proceed with the assessment of China's impact on each of them. Presented policies of both countries

8 For the citations of Mencius, the translations of W. A. C. H. Dobson, *Mencius* (London: University of Toronto Press, 1963) are used. Other translations are noted.

9 Mainly the Congressional Research Service (CRS) reports as they provide relatively balanced overviews of multiple foreign policy issues and related U.S. policies and programs. The chapter also works with the 2012 U.S. Strategy Toward Sub-Saharan Africa, Senate hearings and National Security Strategies. In addition, reports of the Government Accountability Office (e.g. “Sub-Saharan Africa, Trends in U.S. and Chinese Economic Engagement”) comparing the U.S. and China's economic performance in Africa are consulted. As regards documents of the Chinese government, a number of these are deemed relevant by the author – these are, for example, the 2006 white paper titled “China's African Policy” and the 2010 report “China-Africa Economic and Trade Cooperation.”

provide a necessary framework for subsequent case studies, which mention concrete examples and outcomes of these policies in specific cases.

The first chapter focuses on China and explains its goals in Africa, provides an overview of key actors involved in formulation and implementation of China's policy on Africa, and identifies the main areas and features of China's activities in Africa and its so-called "go-out" strategy. The second chapter provides a similar overview of the U.S. policies towards Africa – it defines main categories of U.S. goals for the purpose of this work, describes institutions involved in formulation and implementation of the U.S. Africa policy, and names the most important policies and initiatives in three broad areas of engagement.

The third chapter is both descriptive and analytical. It conveys data on Chinese and U.S. actions in Nigeria, Angola and Sudan according to several categories of engagement, in order to provide concrete examples and empirical basis for research. By doing so, primary sources, such as databases (for example the United Nations' Comtrade and World Bank statistics) or official government publications, as well as secondary literature on the topic are discussed. Furthermore, the case studies offer preliminary conclusions on the impact of China's engagement on U.S. interests in the respective countries.

The studies on Nigeria and Angola focus first on the circumstances of China's entry into the local oil sectors and the impact on the U.S. position in this part of industry. The case studies subsequently compare the U.S. and China's activities in other parts of the local economies, such as exports and FDIs. Finally, the three case studies focus on political and security objectives of Washington and Beijing and assess their mutual compatibility. The case study on Sudan has a different structure. As the U.S. is not engaged in the country economically in such scope as in the former two countries, no comparison of economic engagement is made. The case study instead briefly mentions how China has exploited the absence of Western companies. Main attention is subsequently directed to disagreements between Washington and Beijing on the resolution of Sudan's civil wars and impact of China's activities on U.S. efforts in this area.

Finally, the fourth chapter provides a critical comparison of American and Chinese policies, and then moves to the principal analysis that deals with the two main research questions. Both the comparison and the analysis are based on general characteristics and empirical data described in the first two chapters and the case studies. The chapter briefly mentions the response of the U.S. government to Chinese activities in Africa and

hence the question whether China seeks to drive the U.S. “out of Africa” is discussed. Second, China’s impact on particular U.S. goals in Africa is evaluated and policy suggestions for the U.S. are mentioned.

By juxtaposing these two fairly divergent topics in one publication, we can also observe another inherent question, apart from the above mentioned basic research question. The question relates to the interplay of two distinct forms of political regimes on the international scene. In the African states observed below, the United States carries out a number of initiatives and attempts to promote and foster the formation of a liberal democratic political system – clearly, the US politically interferes in the given states (often indirectly, through non-governmental organizations, for example). China, on the other hand – even though it (allegedly) does not interfere in the domestic affairs of these African states – is implicitly promoting its own form and style of government in Africa. By demonstrating its current economic power through various investment activities on the continent, Beijing may become a role-model of economic development for African states struggling to achieve sustainable growth rates. In the Third World this clash between the “Washington consensus” and the “Beijing consensus” will likely gain further momentum in the 21st century as China gains a sturdier foothold on the continent.

Equally, and perhaps paradoxically, a similar clash could be observed in China itself. A number of theories (presented in the first part of this publication) claim that the democratization of a country is closely linked to its rate of modernization. Therefore, as China’s economy starts resembling that of the U.S. and other “Western” nations (e.g. in terms of GDP per capita), the Chinese authoritarian regime will increasingly need to grapple with democratic tendencies coming from the society. However, a prospective “democracy” in China may have characteristics, which will be wholly different from characteristics ascribed to the Western “liberal” democracy. How would the U.S. perceive such a regime and how would this affect mutual interactions with China? These questions will be treated in the following section.

Part I – Liberal Democracy and Chinese Political Culture: American Perspectives and Perceptions

(Jan Hornát)

Introduction

“The contact of cultures is not like pouring milk into coffee when white mixed with black will turn gray.”¹⁰ This statement by Chinese philosopher Li Huang (1895–1991) is emblematic of the discourse about the prospective democracy in China. Is the concept of liberal democracy universally applicable or do some cultures and societies subconsciously hinder its adoption? Some observers oppose the universality of liberal democracy and claim that the form democracy takes in China will be so specifically rooted in Asian (especially Confucian) traditions and culture as to be “unrecognizable to the West.”¹¹ Chinese pro-democracy scholar Yu Keping argues that the “unconditional promotion of democracy [in China] will bring disastrous consequences” and that to ensure stability the “construction of democracy must be closely integrated with history, culture, tradition and existing social conditions.”¹² Samuel Huntington went even further when he bluntly stated that a “Confucianism democracy is a contradiction in terms.”¹³

In the case of China, a rising great power, the question of democracy is not just a domestic issue, but has much broader implications for China’s relations with the outside world, especially the United States. The manner in which the two countries interact with each other in the years to come will have a significant impact on the formation of the entire international system. Whether Washington and Beijing continue to cohabitate without

10 Cited in Chester C. Tan, *Chinese Political Thought in the Twentieth Century* (New York City: Doubleday Anchor, 1971), 297.

11 Francis Fukuyama, “Confucianism and Democracy,” *Journal of Democracy* 6, No. 2 (April 1995): 24.

12 Yu Keping, *Democracy is Good Thing* (Washington D.C.: The Brookings Institution), 4–5.

13 Samuel P. Huntington, “Democracy’s Third Wave,” *Journal of Democracy* 2, No. 2 (Spring 1991): 24.

major conflict will depend in large part on the specific form of the regime that evolves in China and on the American perception of this regime.

The end of the Cold War saw the emergence of liberal democracy as a “global ideological panacea”¹⁴ for ensuring good governance and its promotion was – according to a number of scholars and politicians – seen as a key to reaching a peaceful world.¹⁵ The communist bloc fell apart and communist regimes were quickly toppled and replaced with liberal democratic regimes. In contrast, the Chinese communist regime survived the Tiananmen Square uprising and seemed to consolidate its grip on power throughout the 1990s. Consequently, U.S. politicians, non-governmental organizations and segments of the academia continued to push for the adoption of a liberal democratic regime in China.

The first subject matter discussed in this paper is the “motivation” of the United States to pursue a policy of democracy promotion in general and specifically vis-à-vis China. American author William Pfaff linked democracy promotion to America’s Christian creed and argued that as the Bible “introduced the notion of history as a progressive process leading towards a redemptive conclusion,” U.S. foreign policy can be viewed in a similar vein. Democracy is perceived as the ultimate (redemptive) end of all societies, which is reflected in the prevailing “belief that America is destined to confer democracy upon the world.”¹⁶ However, apart from this ideological or moral aspect of democracy promotion, the policy provides pragmatic benefits for the U.S. national interests. The promotion of democracy can be seen as a *quid pro quo* strategy – once democratic, the United States “expects” of the given regime to meet certain criteria of governance and thus act in a predictable manner. Chinese democracy, however, may not meet these “expectations.”

Entering the 21st century with double-digit growth of the national economy and a rapidly increasing GDP per capita, the Chinese political and economic model is increasingly viewed as a counterweight to American liberal democracy.¹⁷ In third-world countries, the so-called

14 Fred Dallmayr, “Exiting Liberal Democracy: Bell and Confucian Thought,” *Philosophy East and West* 59, No. 4 (October 2009): 524.

15 Of course, this was one of the main theses of Francis Fukuyama’s book *The End of History and the Last Man* (New York: Avon Books, 1992), but mainly the proponents of the “democratic peace theory” such as Bruce Russett or Michael W. Doyle (see below).

16 William Pfaff, “Manufacturing Insecurity: How Militarism Endangers America,” *Foreign Affairs* 89, No. 6 (November/December 2010): 138.

17 See Niall Fergusson, “We’re All State Capitalist Now,” *Foreign Policy*, February 9, 2012, http://www.foreignpolicy.com/articles/2012/02/09/we_re_all_state_capitalists_now (accessed August 29, 2016).

Washington consensus may be replaced by the “Beijing consensus.” Nevertheless, the millions of Chinese being pulled out of poverty and joining the ever-expanding middle class may represent a trend that – according to some theories¹⁸ – is inevitably leading to a democratic breakthrough sometime in the future. But what will Chinese democracy look like? Chinese scholars and politicians have always talked about adapting Western political systems to “Chinese characteristics” – this inevitably leads to the question what are these characteristics and how will they manifest themselves in a Chinese democratic system.

In order to understand the nature of a prospective democracy in China and answer such questions, it is instrumental to trace the historical development of Chinese political thought and evaluate how Confucian ethics shaped the perception of the role of the government and the society in China. The assessment of Chinese political culture and its implications for adopting democracy is the second issue addressed in this paper.

The research hypothesis proposes that in the event of a democratic transition, China will not adopt a *liberal* democracy, but a variation of democracy that will include meritocratic and communitarian aspects, due to the strong role of Confucian ethics and morals in influencing Chinese political culture. In an extreme case, China’s *non-liberal* democracy¹⁹ may be *perceived*²⁰ by the United States as a wholly undemocratic regime and hence, the presumed benign effects of democracy on state-to-state relations, such as “democratic peace” (elaborated below), will become void.

Yet, if China adopts a “non-liberal” democratic government that primarily strives to ensure “good governance” (term further discussed below) and if the United States is prepared to accept China as a “non-liberal” democracy, mutually beneficial and peaceful relations can be maintained – a scenario that, due to China’s importance for the American economy, may seem more plausible.

Since this paper discusses democracy at various points, it is necessary to provide a definition of democracy at the outset. For the use of this paper, it is important to distinguish between a “minimalist” definition of

18 Most notably the “modernization theory” discussed below.

19 Fareed Zakaria, in his 1997 Foreign Affairs article “The Rise of Illiberal Democracy,” coined the term *illiberal* democracy. The semantics of his notion are different from the term “non-liberal” used in this paper. “Illiberal democracy” has rather negative connotations and refers to regimes, which deny certain civil liberties to its people. In the context of this paper, “non-liberal” democracy refers to a political regime that rejected liberalism as its guiding principle.

20 For an account on the importance of perception in international relations see, Robert Jervis, *Perception and Misperception in International Politics* (Princeton: Princeton University Press, 1976).