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AN ANALYSIS OF THE CAPABILITY, INTENT, AND IMPLICATIONS FOR THE
PEOPLE'S REPUBLIC OF CHINA TO ENGAGE THE UNITED STATES IN ECONOMIC
WARFARE

A research paper submitted in partial fulfillment
of the requirements for the degree of
MASTER'S in STRATEGIC INTELLIGENCE

By

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ABSTRACT OF THE THESIS

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The purpose of this research paper is to explore the potential for China's emerging economic hegemony to be utilized as an asymmetrical weapon against the U.S. in response to a confrontation over China's human rights abuses. This study utilizes the Lockwood Analytical Method for Prediction (LAMP) in an exploratory effort to provide an understanding of the relatively most likely economic outcome of a direct U.S. confrontation towards China. Specifically, the study seeks to discover the likelihood for China to use economic warfare against the U.S. An examination of current trends in China's expanding international markets, and an economic interdependence with the U.S., Japan, and Russia places the authoritarian nation in an influential position over the economies of its trading partners, particularly the U.S. This study concludes that China will likely utilize economic warfare in response to a U.S. economic and diplomatic sanctions should the international community not support the effort.

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Introduction

The People's Republic of China (PRC) has enjoyed exponential growth over recent years, emerging as an unprecedented, authoritarian economic superpower with the potential to upset international economic stability, and even overtake the longstanding hegemony of US economic superiority. China's abandonment of the socialist economic tenets that were advocated by Lenin and Stalin in favor of a market-based economy during the late 1970's and early 1980's initiated the communist country's ascension into its current status as an economic powerhouse with thriving international trade relations. At an estimated 7 trillion USD, the PRC has become the third largest economy after the U.S. and European Union, the second largest economy measured by purchase power parity (PPP), second to none in its level of annual growth (CIA 2008). While a mutually beneficial trade partnership has developed between the China and Western nations such as the U.S., there are particular issues on which the Chinese Communist Party (CCP) takes questionable positions which serve as critical points of contention. In particular, the pervasive human rights abuses against Chinese political dissidents, restrictions on civil liberties, and unfair trade policies – all supported by a nationalistic ideology. As economic relations between the U.S. and PRC grow stronger, so does the interdependency of both nations' financial assets. Trade relations between the U.S. and China have grown so much that the U.S. has placed itself in a position of economic vulnerability. Should political relations eventually turn sour, China is provided with an asymmetric weapon of mass disruption. Given these unique economic circumstances, and the rising opportunity for conflict in the international community over China's human rights abuses and questionable authoritarian practices, the probability of China using economic leverage against the US must be examined to understand its significance to the national security of the U.S.

Literature Review

The topic of China as a growing economic superpower, and the implications that such an influence can have towards the U.S. as a national security threat is an ongoing debate with numerous credible propositions. With the emergence of China as a player in world politics the availability of reliable scholarly studies on the matter continues to expand. This paper draws from a variety of sources, all utilized in an effort to explore the economic characteristics, trade patterns, and foreign policy agendas of nations concerned. Due to the nature of a continuously fluid political environment, recent changes in current events make the accuracy of this analysis dependent upon the latest research incorporated in creating the perceptual studies of each national actor, which for the purposes of this paper concluded at the end of August 2008.

Felix Chang's "The Debt Weapon" published in *The American Interest* provides the conceptual context of this paper for the prospect of China using its economic influence in a deliberate attack of asymmetrical warfare directed against the U.S. Chang's research into the specific financial workings of Sino-U.S. economic interdependence presents an elaborate portrayal how China's extensive relationship of with U.S. markets has placed the nation at a risk through economic interdependency. While it is beneficial for the globalization of trade markets and increased international cooperation, there are inherent risks that are present in any such economic relationship.

The risks of extensive economic interdependency and the implications for the international community are examined through a study of multiple sources into the trade relations and strategic mutual agreements of understanding between Russia, China, Japan, and the U.S. To conduct the analysis, the researcher inquired from public trade and commerce

authorities including the U.S. Treasury Department, the U.S. Census Bureau, as well as economic surveys from the Federal Research Division of the Library of Congress. To supplement these studies of financial trends and statistics, independent sources including London's *Financial Times*, The Brookings Institute, *The Atlanta Journal-Constitution*, and CRS reports to Congress on Offshoring, were used to provide an understanding of the emerging trends and direction of growth. Authors referenced from these organizations further substantiate the nature and level of economic investment that China has used to facilitate its foreign policy agenda.

Trends in foreign policy and international cooperation between the states affected in this study are drawn from a variety of sources as well. Country studies generated from the U.S. State Department, the Federal Research Division of the Library of Congress, and the Heritage Foundation were relied upon heavily. These sources served as a background for examining the potential motives of national leadership in context of subsequent articles published by journalists in scholarly journals and news publications. Included in this cadre of topical experts are Thomas Schieffer, on U.S.-Japanese relations; Chu Shulong, on trilateral relations between the U.S., Japan, and China; Mikhail Titarenko, on Sino-Russian friendliness; and Dmitry Trenin, on Russia's internal political workings. These area-specific experts are relied upon to understand the perceptions of the national leadership of Russia, Japan, China, and the U.S. in context of continued human rights abuses in China.

China's economic expansion into emerging industrialized nations and growing financial leverage over economic superpowers is shown to have weakened the bargaining position of the U.S. and Japan in addressing China's human rights shortcomings, while gaining a sympathetic Russian ally. The researcher has referenced the policies of heads of states, including Dmitri

Medvedev, Condoleezza Rice, Masahiko Koumura, and Hu Jintao to demonstrate their official positions as being in conflict. However, direct confrontation of China over inhumane treatment towards its populace is repeatedly presented as being avoided, in favor of maintaining a political stalemate that allows leaders to overlook the problem and reinforce a mutually favorable trade relationship that has allowed all affected nations to enjoy significant financial investments.

Background

Against the traditional Western theory of democracy-driven economic development, the CCP has irrefutably elevated the economic strength of the PRC while managing to maintain a strict authoritarian control over virtually every aspect of the Chinese society. With the emergence of an economic policy change, moving towards market-based economies with limited freedoms in the expansion of small businesses, the country underwent vital reforms under the direction of Deng Xiaoping. In addition to this market-oriented economic shift in the early 1980's, China has manipulated several aspects of its foreign trade policy to create artificial advantages that enhance the nation's ability to compete in the international market, often beefing up its own economy at the expense of others. One such method for which China is well known is its undervalued currency, the renminbi, which has made the Chinese market highly attractive to overseas investors. While this inflation has resulted in a significant increase of financial reserves, it has not been without the protest of U.S. economists who advise of the negative impact such actions have had on the U.S. economy. China has also amassed large reserves of US treasury bonds, buying up U.S. debt in an effort to invest in the U.S. dollar (USD). Chinese holdings of U.S. treasuries are the fastest growing over any other country, with an estimated total of 922 Billion USD as of June 2007 (US Treas. Dept. 2008, 35). According to Felix Chang, the purchase of these Treasury Securities was initiated in an effort to stimulate the Chinese economy by keeping

its own inflation in check while maintaining a more favorable exchange rate with the U.S. (Chang 2008, 87). Russia has done the same thing as well, purchasing large quantities of U.S. government bonds as the USD represents a stable investment with the outlook of a high yield in stable U.S. economic growth. While this move towards international investment in U.S. government bonds can be well understood, and even encouraged as a provision of funds for the U.S., it has also created a significant economic vulnerability for the U.S. Chang asserted that should the leadership of China decide to sell a substantial portion of these U.S. treasuries at once, the result would be a sharp decline in the value of the US dollar, and a subsequent recession in the US economy. The capability of the leadership of a Communist state to have such a substantial effect on the economy of the U.S. is indeed a threat, but because of the unprecedented nature of such an action, the exact consequences remain unclear.

The PRC has acquired substantial economic leverage over the U.S. economy through its shrewd business practices and unfair trade policies. China has maintained an account surplus with the U.S. that creates a disadvantage for the U.S. and others in the international marketplace by restricting the ability of foreign competitors to remain competitive with China. The People's Bank of China exacerbates this trade deficit with the U.S. by continuing to purchase increasing amounts of U.S. treasury bonds. At the same time, China has aggressively pursued foreign businesses to establish their advanced manufacturing facilities on the Chinese mainland by appealing to the cheap labor and minimized operational expenses. China has managed to acquire advanced technology that places the country as a leader in high-end manufacturing while denying U.S. businesses their previous technological competitive advantage. Eamonn Fingleton has vehemently attested to additional illegitimate trade practices by an ability of the CCP to

restrict domestic consumption through trade barriers, credit controls, anti-consumer landowner policies, corporate price gouging, and travel restrictions (Fingleton 2008, 12). These “suppressed-consumption” measures were claimed to serve as a means for keeping money that is brought into China from leaving. The implementation of such practices clearly demonstrates Chinese hostility to fair trade policy. Further empowering the authoritarian leadership of China is its complete control over the People’s Bank of China’s business operations. Since the CCP controls the handling of this state run bank, it has the power to manipulate the previously mentioned trade policies, and Chinese direct trade account surpluses as it sees fit. Together, the growing Chinese economic hegemony, hostile trade policy, and the ability to manipulate U.S. interest rates gives the CCP the potential for an effective control over a significant aspect of the U.S. domestic economy.

There are several key enabling factors that would give China a unique ability to enact a judicious campaign of economic warfare against the U.S., as oppose to other fully developed nations. First, China holds an unparalleled level of trade with the U.S. Second only to Canada, the U.S. imports more goods from China than any other nation in the globe. In 2007, the U.S. imported over \$321 billion in Chinese goods (U.S. Census Bureau 2008). This makes the U.S. crucially dependent upon continued trade relations, and as such interdependent with China for peace and political cooperation. Second, The People’s Bank of China, as mentioned before, possesses a massive currency reserve of U.S. dollars enabling China to manipulate interest rates through the account surplus it holds against the U.S. This school of thought would be consistent with the similar measures it has taken to devalue the Chinese renminbi in order to attract investors. A third factor would be the assistance that the PRC might gain from its allies such as

Russia. With an increasingly controlling federal government, Russia has moved more towards an authoritarian leadership like China, and further away from the basic principles of a democracy. Specifically, bureaucrats within the Russian leadership have slowly expanded their control over the workings of the government and reduced the effectiveness of political balances. President Putin demonstrated this with his dissolution of the Parliament prior to upcoming elections in 2007. Considering the U.S. economic dependence upon China, the ability to manipulate market trends and interest rates, and the political beliefs of a cooperative Russia, the PRC has a unique ability to attempt the employment of an economic assault against the U.S.

China has attempted to represent itself as a responsible economic power, but faces a growing possibility of international confrontation over its human rights violations and domestic political and economic restrictions. To date, most countries have avoided confrontation over the extensive human rights abuses for which China has become notorious, in favor of reaping the benefits of successful trading agreements. China's president Hu Jintao exemplified this prioritization of economic development over that of political cooperation recently in his visit of to the U.S. What was significant is not President Jintao's visit, but the fact that the first stop on his itinerary was to meet with business leaders of Microsoft and Boeing even before making his way to the White House to visit the head of state President Bush. The 2008 Olympics in Beijing was thought by the CCP to be another opportunity for the PRC to expand its image as a world power as well. However, it has served as a Catch 22 in that while China has received greater media for hosting the Olympics there has been an equal amount of attention on the outcries against the nation's human rights abuses. Other recent events, such as the inhumane repression of an uprising in Tibet, inadequate handling of the discontented Muslim populace in China's

western region, and the notorious “One China” policy towards Taiwan, have further intensified the calls for political reform and improved civil liberties. While it is unreasonable to assume that the CCP would ever willingly relinquish authority over such issues, growing international pressure against the leadership of such a nationalistic country as the PRC creates the potential for an interesting development. Despite increased pressures from calls to reform and further open its limited markets, China has refused to comply. Instead, the totalitarian state continues unyielding in its oppression of political dissidents, with an expanding economy that it could potentially leverage against its foreign enemies if they choose to interfere in China’s internal affairs.

Threats to China’s Economy

There are several challenges that China will face in the short and long term future to its continued rise as an economic power. These challenges include an aging population, dependency on foreign energy, and pervasive environmental shortcomings. Should these challenges go unresolved, China could be faced with a setback to its economic development, or even suffer a damaging recession. Instability in these areas could not only have a damaging effect on China’s overall domestic stability, but consequently a reduction in its economic power and leverage in the international markets. Such threats to China’s economic health must be understood in the context of the influence that an economic recession would have on the ability for China to wage an economy-based battle against the West.

An aging Chinese population can be attributed to the CCP’s one child policy, as well as social factors leading to a gender imbalance which has decreased fertility rates that will result in a reduced labor force in the coming years. While more women in China are choosing not to have children at all, those who do are for the most part raising more boys and fewer girls. A social

stigma has dominated Chinese culture that has created a gender gap that will inevitably result in a drop of the total population. The resultant shortage of brides for a growing male population presents a series of social challenges, including a certain drop in offspring. The average fertility rate in China stands at 1.4 children per woman, and is set to drop further with the increase of abortions and the aggravation of female infanticide (Andrieu 1999). The long term result of this pattern is that the growing industries in China which support its massive economy will be strained by a limited labor force, and an increased number of elderly persons who need to be cared for, with no social security plan other than family support. The shrinking size of families as a result of fewer children will only further exacerbate the struggle of the elderly. It must be noted that despite this projection of a drop in labor, China will likely continue to dominate in numbers of total population. However, the efficiency of Chinese labor will decrease with a foreseeable skewed imbalance of contributing workers to non-workers. The end effect of such a demographic position is an inevitable strain on productivity. The combined problems of a smaller labor supply, larger elderly population, and decrease of younger entrees into the workforce will set back the productivity of China's industries and weaken its overall economy.

China's industrial growth and infrastructure modernization in the wake of a booming economy has generated an exponential increase in the demand for energy, a need which has become critically difficult for China to satisfy. Combined with its level of capital construction, increased traffic on the roads, and need for greater amounts of power, China has emerged as one of the biggest consumers of oil, with signs of reaching energy consumption levels that are expected to overtake that of the U.S. China has made substantial efforts to meet such demands, such as the Three Gorges Dam, increased energy imports from Russia, and exploration into

overseas oil reserves. This need has only created more competition in the international market for oil, and demonstrated how dependant China is on foreign imports. With an increasingly limited global supply, China faces an imminent challenge of overcoming an energy shortage. Competing with emerging superpowers such as India and Pakistan, China faces the prospect of denied sources that are needed to feed its massive industrial and manufacturing sectors as a key component to continuing greater economic development. While China has attempted to diversify its sources, it is dependent upon regions which are unstable, or vulnerable, to political fluctuations. The Middle East remains a vital oil supplier – specifically Sudan, Iran and Saudi Arabia (Douglas 2007). Dependency on favorable trade relations with these nations to provide for Chinese energy needs can be attributed as one reason why China has refused to utilize any economic leverage to encourage reform in those nations' own disagreeable practices. Should political cooperation turn sour, China's energy supplies would be critically jeopardized. China's economy is dependent upon the continued supply of oil and foreign sources of energy which are becoming increasingly endangered by competition and political instability.

China faces a formidable challenge in the encroachment of environmental disasters that threaten the availability of the nation's natural resources, endangering continued economic growth. China has suffered an increasing amount of environmental hazards that have included water contamination, air pollution, and inefficiencies that strain economic growth. Excessive toxic waste and untreated water disposal has become so enveloping that over 700 million Chinese are estimated to be consuming water that is contaminated with animal or human waste. In Beijing, recent efforts to clean the water supply to prepare for the 2008 Olympics have been so slow that only the Olympic Village was able to provide suitable tap water. The limited

availability of water is exacerbated by the gross inefficiencies and overuse by Chinese corporations, irrigation systems, and pervasive leakage in pipelines. Another environmental problem is the air pollution that has placed hundreds of millions of Chinese at risk, caused by emissions from vehicles and factories all over the country. The main contributor to the air pollution hazard is the dependency of Chinese cities on coal factories for power. Over seventy percent of China's power comes from coal, which has been blamed for incidents from acid rain to mercury particles that have been detected as far away as Los Angeles, California. These environmental problems can prove to be a taxing burden on the continued economic growth of China, whose own government has attributed to cost anywhere from eight to twelve percent of the total Chinese GDP. (Economy 2007) In the midst of such significant challenges to China's environment, the threat of suffering economic setback is a serious factor in the nation's continued economic growth. Environmental problems have been shown to be pervasive, and risk damaging China's international image as well as its economic strength.

The economic leverage that China holds over international markets and its economic stability are endangered by a variety of challenges that it must overcome for a continuation in growth. The substantial population ageing that has resulted from the government's own restrictions and consequent social stigma could leave China without an adequate supply of labor, which threatens productivity and social wellbeing. An insufficient capacity to generate enough energy to support the ongoing construction boom and increased infrastructure modernization threatens to leave China without enough power to satisfy demand. Limited availability of oil and dependency upon foreign reserves places Chinese industries at risk with unsecure supplies and a vulnerability to political changes in volatile places such as the Middle East. Finally, there are

substantial environmental hazards that endanger limited Chinese water supplies, create a pervasive problem of air pollution, and result in inefficiencies that tax the economy. Such threats to the ability for China to continue to strengthen and expand its economic leverage in the international arena must be mitigated. The manner in which China chooses to confront these challenges will have a significant effect on its ability to maintain its economic stability, and control a desirable level of influence over its rival economic superpowers.

Method of Analysis

This paper will seek to analyze the likelihood of China engaging the US in economic warfare by utilizing the Lockwood Analytical Method for Prediction (LAMP). The LAMP methodology is based on the concept that one can only know the probability of a particular event occurring based on that event's relative probability in perspective with all other possible alternate futures. The LAMP will be applied below specifically to examine the uncertainty of what economic situation would most likely emerge out of direct, international confrontation towards China over its human rights abuses, and the subsequent effects on U.S. national security. (Lockwood 1994)

The LAMP is a twelve step process:

1. Determine the issue for which you are trying to predict the most likely future.
2. Specify the national "actors" involved.
3. Perform an in-depth study of how each national actor perceives the issue in question.
4. Specify all *possible* courses of action for each actor.
5. Determine the major scenarios within which you will compare the alternate futures.
6. Calculate the total number of permutations of possible "alternate futures" for each scenario.

7. Perform a “pairwise comparison” of all alternate futures to determine their relative probability.
8. Rank the alternate futures from each scenario from highest relative probability to the lowest based on the number of “votes” received.
9. Assuming that each future occurs, analyze each alternate future in terms of its consequences for the issue in question.
10. Determine the “focal events” that must occur in our present in order to bring about a given alternate future.
11. Develop indicators for the focal events.
12. State the potential of a given alternate future to “transpose” into another alternate future.

STEP 1 - DETERMINE THE ISSUE

The economy and national power of the PRC as a whole has grown to a massive scale over recent years, attaining the potential to disrupt global economic stability, and threaten U.S. economic hegemony. The primary issues that affect the following analysis of this potential threat include China’s growing trade surplus over the U.S., the authoritarian leadership of the CCP, and increased international condemnation over China’s human rights abuses. The subsequent analysis will be centered on the outcome of direct confrontations by the U.S., Russia, Japan, and the international community over China’s human rights abuses in an effort to understand what the likely intent, capability, and consequences would be for the PRC to utilize the tactic of economic warfare. The act of economic reprisal in response to political confrontation is not new, as it has been utilized throughout history in the form of sanctions, embargos and blockades. The ability for China to utilize its expansive portfolio of international investments and financial leverage over foreign markets will be studied to determine the likelihood and consequences for a

modern economic attack against the West, particularly the U.S., should international leaders interfere in China's human rights position.

STEP 2 – IDENTIFY THE NATIONAL ACTORS INVOLVED

While there are many nations that would be affected by the possibility of China resorting to the practice of economic warfare, only those indicated below would have an actual influence that could significantly affect the likelihood of whether or not China would take hostile economic actions against the U.S. Each national actor has been selected based on the economic and political influence they have over matters that can impact any decision made by the Chinese Communist Party (CCP) in the determination of whether or not to leverage economic powers in a manner hostile to the West. While the implications of the PRC using this asymmetric form of warfare would entangle the economies of many nations in some shape or form, this does not put all of them in a position to have any weight on China's decision to do so.

National Actors:

1. Russia
2. Japan
3. The United States
4. China

The International Community (IC)

It must be noted that the role of the international community (IC) is one of an outside entity, separate from the national actors, which determines the context of each scenario. While

the actions of each national actor would certainly have an influence on the decisions of organizations that represent the IC, this analysis is designed to study the alternate futures based on actions specific to each national actor. For the practicality of analysis, the IC is thus defined as an umbrella organization that represents the group consensus of the global political environment. This should not be a weakness to the validity of this study as it is consistent with reality that the United Nations, the most appropriate representation of the IC today, is capable of passing certain resolutions despite the protest of individual member nations. While in the case of the UN Security Council, any one permanent member can veto a decision issued by the council (The national actors of U.S., China, and Russia are such members), a failure in the passing of such a resolution does not prevent member nations of the general assembly from enforcing economic sanctions on their own, and as a majority group. (UN 1945, United Nations Charter)

STEP 3 - A STUDY OF THE PERCEPTIONS OF EACH NATIONAL ACTOR

1 – Russia

While Russia has significant economic resources, it is presented as a national actor in this analysis based primarily on its political cooperation and alliances with the PRC. The two nations have further substantiated their close ties since the 2001 Treaty of Good-Neighborliness and Friendly Cooperation. Similar to China, Russia has invested significant financial assets in the U.S. economy, and conducts a significant percentage of its trade with China as Russia's second largest import partner, as well as a substantial amount with the U.S. This level of trade serves as

additional provision for the establishment of Russia as an influential power in the issue of Sino-American economic relations.

Russia's approach to China has been varied over recent years, with times of strategic partnership as well as disagreement. The twenty-year treaty signed in 2001 was the first milestone of economic growth between the two nations since China's development into an emerging superpower. This agreement also formalized the mutual understanding of Russia to support China's endeavor to maintain a "One China" policy, which opposes any effort to separate Taiwan from the motherland. This understanding sets the Russian position as a defense ally with China, with obvious undertones of preventing Western interference in what the Chinese leadership considers an internal matter (Titarenko 2001). There has also been contention over certain points of trade policies, specifically Russia's unwillingness to sell more advanced military equipment to the Communist state. This represents not only the loss of several billions USD in trade, but possibly represents an underlying Russian distrust of China's intentions for its military use in the future. The limited nature of Sino-Russian ties was further demonstrated when Russian Defense Minister Ivanov was cited by Russian-Sinologist Yu Bin as saying that Russia was not prepared to participate in joint combat operations with China, when discussing the limited trade of Russian Military equipment (Bin 2005, 147). Russia exhibits an overall pattern of self-preservation, but has demonstrated a willingness to partner with China to develop its domestic economic strength.

Despite the establishment of Russia as a democratic republic, the nation's domestic political environment does not represent one which is consistent with calls for preservation of human rights abroad. With internal abuses of power, and a growing sense of authoritarianism in

Russia's executive branch, little effort has been made by its leadership to preserve or enhance human rights within the country. According to the Committee to Protect Journalists, which has documented journalists killed on duty worldwide since 1992, Russia ranks as the third most dangerous country for journalists (CPJ 2008). This hostility towards free media demonstrates that Russia is limited in its willingness to tolerate political opposition within its own borders. Former president and now Prime Minister Vladimir Putin was credited with having helped to repeal civil rights during his term in Russia, and to continue allowing human rights atrocities that occurred in Chechnya, reaffirming his administration as politically intolerant. Putin's successor, Dmitri Medvedev has voiced the need for a renewed focus on civil liberties, and even spoken of the necessity for "political competition" (Levy 2008). Such reforms in Russia would certainly be beneficial, but skepticism remains with Putin's shadow being cast from a different, still powerful position in government. As Putin will continue to serve in the capacity of Russia's Prime Minister, there is high uncertainty in how effectively Medvedev will truly advance any professed changes in the nation's record of political intolerance. This position would be consistent with a nation that would find little need for voicing discontentment over an economic partner's domestic human rights abuses, such as that of China's.

Russia's foreign policy has slanted towards one of projecting an image as a protector of international law, with the intent of befriending rising powers while replacing U.S. global hegemony with an egalitarian international community. In the process of strengthening ties with developing nations, Russia has expanded trade with its Asian neighbors and increased Russian-Asian interdependence through energy production and expanded economic stimuli. One example is the expansion of Russian oil pipelines into Southeast Asia. By assisting such regional

development, and establishing political alliances with countries such as Iran, China, India, and CIS nations, Russia has made a substantial effort to enforce the “Putin diplomacy” of striving to place Russia as a power equal to, yet separate from the West. But most importantly, this policy seeks to rival U.S. strength as a counterbalance to prevent a power disparity. According to Dmitri Trenin of the Carnegie Endowment, Russia’s latest foreign policy plan presented July 2008 only reinforces such trends. Trenin alludes to Russia’s motive for this strategy to be strategically adversarial to the U.S. (Trenin 2008). This pattern of foreign policy is intended by its leadership to set Russia as a model country for the rest of the international community, and elevate its standing to one of a global legal authority in international law, and subsequently the authoritative provider of order and peace. Recent actions further attest to this pattern as the newly elected Russian President Medvedev failed to pressure unruly nations as he promised at the G8 summit, and instead vetoed a UN resolution to impose sanctions on Zimbabwe based on the contestation that such a resolution would be at conflict with the UN constitution. This not only displayed an unwillingness to utilize economic sanctions when the majority determined it to be necessary, but again demonstrates Russia’s regression away from Western ideals, in favor of establishing its public image at the expense of true progress. As such, Medvedev’s move demonstrates the Russian perception that separation from the West, and a strategic competition with the same, is the best course of action for their nation.

Russia has become economically intertwined with nations throughout Europe and Asia, and remains financially invested in Western markets. With a recent explosion in energy exports, Russia has seen a significant level of growth in its domestic economy. The subsequent European dependency on Russian oil has also created a security concern among recipient nations who fear

that upsetting Russian leaders will endanger their supply of fuel and energy. This has served as one reason why so many countries dependant on foreign oil sources are looking to find new energy alternatives. Like China, Russia has invested a substantial amount of its funds in U.S. Treasury bonds, and contains a substantial portion of US cash in reserve. Possessing 147 Billion dollars in U.S. bonds, a reserve that is second in size only to China, Russia has a strategic investment in the U.S. economy and subsequently a degree of leverage (U.S. Treas. Dept. 2008, 38). The combined amount of the Sino-Russian stake in U.S. treasury funds amounts to over one trillion USD. Russia's second largest import partner, China has close economic ties with Russia that further solidify bilateral partnerships (CIA World Fact Book 2008). Given the increased level of political and economic coordination, the cooperation in Sino-Russian relations creates an environment that could prove dangerous should the two nations find mutual reason to take action against the U.S. While there are arguably measures that can be taken to counter such an exploitation of economic vulnerabilities, the threat remains real. Russia's growing economy serves as a significant resource that China and European nations are benefiting from in an increasing capacity, and at the same time maintains a level of influence over the U.S. market.

Russia represents a significant source of influence in the political and economic arena over powers of influence within the international community. As an obvious defense ally of China, with limited exports of military technology towards the same, Russia serves as a powerful national actor that can serve as a substantial enabler for potential Sino-originating hostilities against their mutual strategic competitors. Given the nature of Russia's domestic environment, which is not one conducive for improving civil liberties, the likelihood of its leadership voluntarily appealing to the Chinese to do so is negligible. Russia's foreign policy slants towards

strategic independence from the West, and shows intent on realigning the international community towards a structure of egalitarian compliance to international law, with no one leading superpower. Economically, Russia is a powerful country that has benefited from a recent boom in profits from energy production, and has seen a steady growth of GDP over the past seven years. Given the mutually cooperative political and defensive relations that Russia maintains bilaterally with the PRC, and extensive economic trade throughout Eurasia, Russia is a significant source of influence regarding the issue of Chinese hostility towards the U.S.

2 – Japan

Japan has historically been respected as a military power, up through the end of World War II, but more recently as a country more economically developed than any other in East Asia. Japan is China's biggest trading partner, and heavily involved with U.S. in trade relations as well. As such, Japan represents a significant source of influence over a potential backlash against Chinese economic aggression. With close political ties to the U.S., Japan would clearly exert a political influence that would have an important sway in any change of Asian economic policy decisions for the U.S., as well as China. Japan's close trading relationship with China and historic political relations with the U.S. makes Japan an important influence on the issue of Chinese economic hostilities towards the U.S.

The Japanese have demonstrated a continuing political cooperation with U.S. foreign policy agendas towards China, while still maintaining thriving Chinese trade relations. The value

of this relationship is evidenced by the fact that Japan continues to exist as the top importer of Chinese goods. The defense pact that Japan maintains with the U.S. will likely continue as the two nations can find common ground on several areas. In their approach to North Korea, the U.S. and Japan have maintained a similar position on continuing sanctions based on recent nuclear aspirations, lifting them only when signs of cooperation arise from Kim Jong Il. Japan's Minister of Foreign Affairs, Masahiko Koumura, further proposed the use of sanctions as appropriate measures for inducing political compliance when he called for a reinvestigation into accusations over illegal North Korean abductions of Japanese citizens (Koumura 2008). The military capability of Japan was limited by the constitution of 1947, but recent modernization efforts, including significant assistance and cooperation from the U.S., have included defensive measures directed to protect against Chinese aggression. According to Lee Teslik with the Council on Foreign Relations, China is "increasingly perceived as a threat" by the Japanese (Teslik 2008). Lee goes on to postulate that there may be a certain remilitarization of Japan if the U.S. is perceived to no longer be reliable as Japan's military protector. Indeed, with the close cooperation between the U.S. and Japan in developing and expanding a missile defense shield, Japan unquestionably considers there to be significant regional threats to its security, be it China, North Korea, or both. Considering past utilization of economic sanctions, Japan is poised to be prepared for economic action in addition to military response should such threats materialize.

Japan has the third largest domestic economy after the U.S. and China, and is heavily involved in trade relations with both nations. The investments that Japan has made into the U.S. economy are rivaled only by that of China, who remains the U.S.'s foremost import partner. China receives over 20% of commodities that are exported by Japan, evidencing the depth of

their economic interdependency, but also a potential for reciprocal vulnerability to swings in either country's economy (Metraux 1994). Japan's biggest growth spurt came after the end of WWII and the realignment of the nation's primary industry to that of a high technology manufacturer, a horizontal expansion from its massive fishing industry. Its greatest economic boom also coincided with the opening of China's markets in the seventies, further demonstrating the mutual benefits they enjoy from cooperative trade relations. Japan has transformed its economy, which now thrives primarily on an information-based market, and increasingly relies upon communication and flow of data to fuel its pace of growth. Such changes have assisted the nation to enter into high technology markets, and aided it recently in a rebound from a recession during the nineties. Despite the presence of Japan's massive federal debt being a hindrance to continued growth, there have been signs of structural reform being executed to boost an overall growth potential (OECD 2005, 6). While Japan's massive economy has managed to stabilize after recent troubles, and its level of trade has expanded with more nations into increasingly service-oriented and information-based markets, China and the U.S. will continue to be economic partners for the foreseeable future.

Japan remains a fundamental source of political stability in regional Asian development, and represents a Western counterbalance to potential security threats from China. The foundation for international cooperation between the West and Asia, U.S. bilateral relations have fostered a strategic balance against potential aggression from China and North Korea. Japan's recent updating and redefining of security alliances with the U.S. exemplifies the strength of such bilateral relations. While Japanese defensive forces are smaller in size when compared to that of China's, they remain more sophisticated with advanced military hardware, and greater

technological development. Considering the close relations between the U.S. and Japan, including joint military exercises and the presence of U.S. troops in Japan, the recent friendliness between Russia and China can be expected to serve in some capacity as an understanding for mutual defense or aggression against the West. While Japan and China have enjoyed mutually beneficial trade relations over the past few decades, there remain growing points of contention. The China-Taiwanese controversy is one such source of potential conflict. As a formal agreement of bilateral defense exists between the U.S. and Japan, it may also lead to Japanese material aid against an aggressive China, should military conflict arise. With the economic competition growing between the two nations, China and Japan have also transformed their perspectives of each other towards that of strategic competitors (Shulong 2008). As China now represents an increasingly stronger economic powerhouse, and a more obvious economic rival to Japan, opportunities for flashpoints to escalate over trade relations have increased. Such emerging trends have resulted in a divergence of strategic cooperation between the Japan-U.S. goals regarding the approach to Sino-North Korean-Russian relations. Continuing regional and international stability in present circumstances relies heavily upon Japan's support of U.S.-Japanese bilateral agreements and Japan's participation in further efforts for peaceful resolutions to potential quarrels such as the Taiwan issue and potential trade conflicts over economic competition.

Economic growth and successful expansion of profitable industries has brought about a renewed sense of Japanese nationalism. This can be exemplified by statements made by Japanese Prime Minister Shinzo Abe of Japan's idealistic role in the international community. He once stated that "Rather than getting praised for wrestling a good round of sumo under the rules that

foreign countries make, we should join in the making of the rules (Faiola 2006).” Abe went on to discuss his desire to rewrite Japan’s pacifist constitution to allow for a stronger military. This nationalistic development creates an environment that is conducive to a political independence that diverges from the current bilateral relations with the U.S., and may even lead to Japanese military escalation. If such a trend continues, the potential for conflict with China, which is already in the midst of its own nationalistic revival, will only increase with time. Japan’s decision to support sanctions against North Korea over nuclear ambitions is another representation of a nationalistic political environment, one which is supportive of taking economic action against irresponsible states (BBK 2008). This is a sign that even with a nationalistic revival Japanese foreign policy is consistent with that of the West. Still, the elimination of North Korea’s nuclear program is clearly in the best interest of Japanese domestic security regardless of U.S. agendas. Another point worthy of note is that Japan has not made significant outcry over calls for international cessation of human rights violations, even though it continues to be the largest source of foreign humanitarian aid in all of Asia. The most significant action that Japan made over related abuses was against the North Korean government for its abduction of Japanese citizens in the 1970’s and 80’s. While Japan’s foreign policy has remained consistent with Western interests, there is a significant nationalistic trend that places an emphasis on Japan’s domestic defense, economic growth, and political independence.

Given the substantial level of bilateral trade, growing Japanese nationalism, and their emerging political independence, Japan represents a significant influence on the issue of Chinese economic aggression. Japan’s level of trade with China is substantial enough to give Tokyo the ability to utilize economic sanctions in the event of hostile Sino actions, but with the risk of

affecting its own economic stability. This interdependency is a powerful incentive for both nations to avoid such conflicts. Japan's emerging nationalism is a predominant factor in the consideration of current events within Japan, and could very well signal the transformation of a pacifist Japan into one with a full fledged military. This development could signal the realization by Japanese leadership for their need of a greater defensive ability than merely relying upon U.S. alliances. In line with this trend is the move for political independence of Japan from Western influence. There are clear indications from the speeches of Prime Minister Abe that Japan should make for itself its own position in the international community, one which is not hindered by the past burdens of Post WWII attitudes. At the same time, Japan will likely continue to support Western policies as they are viewed to be in the best interest of Japan's security and economic welfare. Japan's economic interdependency with China, foreign policy supporting mutual defense with Western nations, and rising nationalism places Japan in a position of possible conflicting interests due to its political opposition to China, and yet having a vested interest in maintaining peace for its own economic stability.

3 – The United States

The U.S. maintains the largest domestic GDP in the world, and serves as a major trading partner for the PRC. With hundreds of billions of dollars in trade passing between the two nations annually, the actions of the U.S. can have a powerful impact in any situation where hostile economic actions are threatened. The U.S. also has close economic ties with Japan, further placing the U.S. as a critical partner in the East Asian economy. The economic and political position of the U.S. in context of its close ties to China, Japan, as well as Russia makes it a significant factor in China's regional and international trade policy.

President Bush described the U.S. view of China best when he stated that the nation was a “strategic rival” (BBK News 2006). The U.S. has vocally called upon China to further open its markets and desist in their practice of artificially undervaluing the Chinese national currency. Concerned about a growing trade deficit with China, U.S. economists have called upon the Bush administration to take stronger action to stabilize this trade imbalance. Despite such hindrances, bilateral trade has continued to grow. The U.S. has also faced contention with China over the issue of their human rights violations. While the U.S. State Department has expressed discontentment on such matters, little action has taken place (Rice 2008). President Bush has maintained a passive approach to the matter in favor of keeping economic development and intellectual property rights the center of most diplomatic discussions. Even with a thriving trade relationship and political calm, the military of both nations represent a growing source of scrutiny. One item of focus is that the U.S. has maintained its position as a defense ally with Taiwan in the event of Chinese aggression. The expansion of the U.S. missile defense shield to that of Japanese territory has also strained tensions with China, who may perceive this increased presence of the U.S. military as a threat to its own national security. While the economic ties between China and the U.S. bring peaceful political interactions, the U.S. has expressed a need for continued political and economic reforms within China. Even though the White House has officially disapproved of Chinese human rights abuses in the past, U.S. leadership has refrained from going as far as to threaten interference on such matters.

U.S. foreign policy has placed the nation in a position of political influence in every part of the world, engaging established foreign powers to enhance trade relations at a global level, while at the same time promoting democratic processes in developing nations. The U.S. has

taken advantage of its position of influence by engaging in a national security strategy that includes wielding military and political power against its enemies ranging from terrorism, to a push for global economic freedom through open markets, to advocating an expansion of political liberties abroad by encouraging the development of free democracies (Bush 2002). While some success in such measures has reinforced the U.S. in its position as the premier global superpower, still maintaining economic hegemony with significant influence in global affairs, it has also become the source of distrust by certain, less democratic nations that see the U.S. as a growing threat to their own control. The U.S. has demonstrated its willingness to utilize military assets to defend against threats to its own security by the invasion of Afghanistan and Iraq, overthrowing corrupt leadership in both locations and helping to establish governments friendly to the West. The U.S. has also adhered to this strategy by advocating more free democratic processes in countries such as Russia and China, convinced that democratic ideals are the best means for peace and domestic stability in other countries. This serves as a source of contention with China, which is governed by a truly autocratic government, as well as Russia, which views the U.S. as its greatest political competitor in the international community. While the U.S. contends that democracies provide for an environment that is the most conducive to economic prosperity, and further propose that capitalism is the necessary ingredient for successful economies to develop, there is still significant resistance against U.S. influences. Specifically, China boasts a successful economic growth under an authoritarian leadership. Engaging in this global strategy, the U.S. has taken proactive measures by exerting its influence in conjunction with its allies to promote free democracies where capitalism can flourish, but not without the consternation of its strategic economic competitors.

The U.S. maintains a comprehensive economic hegemony, increasingly adjusting to a growing interdependency with Chinese and Japanese trade. With a GDP of almost \$14 trillion in 2007, the U.S. holds the largest and most technically advanced economy in the world (CIA World Fact Book 2008). Hampering the strength of the U.S. dollar however, is the growing trade deficit that has surpassed \$800 billion. Combined with the recent slowdown in economic growth, and increased dependence on foreign resources such as oil, the U.S. has neglected measures to ensure its continued economic advantage. The U.S. economy has, however, remained resilient to adverse events such as the September 11, 2001 attacks, disruption of hurricane Katrina, and spikes in oil prices, as can be seen in that annual GDP has continued to grow. An increasing number of U.S. industries are outsourcing their advanced manufacturing plants and high technology research facilities to overseas locations to cut expense. This *offshore outsourcing* of resources, ranging from call service centers to production facilities, was initiated as far back as the 1970's when U.S.-based corporations sought to compete with emerging Japanese and European multinational corporations (Levine 2005). The net effect of such a pattern has resulted in foreign nations, U.S. economic competitors, reaping great financial benefits such as bypassing years of research at U.S. expense, easier access to trade secrets, and expansion into markets previous dominated by the U.S. In the end, a loss of competitive advantage in key industries has weakened the position of the U.S. economy in context of the increasing numbers of emerging global powers. The growth in size of the service industry in China is likely related to the fact that so many foreign countries find that operational costs are much cheaper in developing nations. In the wake of the 2001 recession, many businesses found this move to be an easy choice, further reducing the number of jobs available to the workforce in the U.S. Despite these numerous factors aggravating the continued growth of the U.S. economy, it has still continued to grow as

of the end of 2007. While U.S. growth continues, China is growing even faster, and economic competitors are progressively reducing the level of global economic influence currently exercised by the U.S.

Despite disagreements on human rights abuses and political differences, the U.S. has utilized economic partnership and mutually beneficial trade relations as a stabilizing force that provides for a means of cooperation with Communist China, circumventing political flashpoints. Since the Tiananmen Square incident of 1989, the U.S. has taken a clear position of rebuking the CCP's record of human rights abuses, and their notorious restrictions of the civil rights of the Chinese people. In the aftermath of 1989, the U.S. and many other nations limited their diplomatic ties with the country (U.S. Dept. of State 2008). Due in large part to the persistence by the PRC leadership to offer a wide wealth of resources and financial opportunities, diplomatic relations were restored with China and the nation eventually gained acceptance into the World Trade Organization (WTO). By focusing on improving bilateral trade relations, the U.S. has enjoyed economic ties with a prosperous trade partner. Some resulting difficulties faced after these trading developments have been the artificial reduction of the value of the Chinese renminbi, and the skewed trading deficit that favors China. Still, advantages of this situation include the fact that the U.S. economy has benefited from increased East Asian trade while avoiding political conflicts that might disrupt the current, somewhat reciprocal flow of profits. While the U.S. has withheld direct confrontation with the CCP leadership over human rights issues, there remains an adversarial undertone regarding the presence of U.S. troops in Japan, along with the logistical and military support of Taiwan. Direct confrontations have been avoided in favor of obvious economic incentives for all involved, but there are consistent

reminders in the form of joint U.S.-Japanese military exercises and deployment of Chinese missiles across the Taiwanese Strait. The escalation of military development among U.S. and Chinese forces have raised concerns from a national defense perspective, but a successful bilateral trade relationship has thus far served as a means for the two nations to overcome political differences.

The U.S. is a leading economic partner with the PRC, enjoying substantial political interrelations which serve as a significant force of influence in trade relations and East Asian regional security. A focus on economic development has dominated the meetings between the leadership of both nations, further substantiating the cooperative nature of enduring trade talks. There are still improvements that need to be made, including a more responsible Chinese authority on international trade and the balancing of an overwhelming trade deficit. While the economic power of the U.S. has not failed to continue growing, it has recently dimmed in the light of a growing China. As the hegemonic power in trade relations, the U.S. has become interdependent with both the Chinese and Japanese economies. This relationship serves as a stabilizing force that so far has dissuaded either nation from taking an overtly hostile policy against another. The continuing human rights abuses in Tibet and other provinces have been received by the U.S. with disapproval, but U.S. leaders have not go so far as to directly condemn the CCP government with threats of punitive action. The U.S. has maintained a cautious approach of continuing trade and diplomatic relations with China, but with a quiet disapproval of restricted Chinese civil liberties and human rights abuses. Despite this economic stability, the nationalistic undertones in China and Japan remain present, and military forces on all sides remain poised for action should the occasion arise. The U.S. remains in a position to exercise

influence over several aspects of Chinese foreign policy, but instead favors a continuation of economic stability.

4 – China

China's distinctive achievement as an authoritarian superpower that defied the widespread Western philosophy of economic success through democracy alone has enabled the nation to effectively manipulate the global marketplace to its advantage. Under leadership of the CCP, the country has amassed high-technology production lines in a wide variety of markets, providing for a quick economic ascension in recent decades. China's unique economic leverage over the U.S. economy places the nation in a situation to utilize its position as a compelling force in the occasion of political confrontations, should it be seen to be necessary.

China is determined to demonstrate itself as a world superpower in every aspect. While the CCP has refused to relent despite challenges to its authority, as recently demonstrated by a bloody suppression of protests in Tibet, this behavior can be expected to continue in its approach to foreign affairs. One example would be China's approach to Taiwan. Military escalation on both sides of the Taiwan Strait, and repeated demands by the CCP that foreign governments observe the One China policy, substantiate that China would consider a military response if outsiders interfere. Politically, China maintains a friendly position with Russia, and previous President Jiang Zemin was even accused of sympathizing with harsh government suppression of political dissidents in North Korea. Regarding Japan, the Chinese people continue to hold resentment ever since it invaded the mainland in 1937. However, even with any possible underlying resentment, such nationalism has been thus far overlooked in favor of economic growth through hundreds of billions USD in trade. Economically, China maintains a close bond

with Japan, the U.S., Russia, and the EU. The current sitting President Hu Jintao has made the growth between China's economic partners a primary focus since his rise to power. The concurrent growth of the country's market-oriented focus with continued authoritarian control by the CCP seems to be tolerated by an overall nationalistic trend within China. This centralistic nationalism seems to be widely supported by the attitude of the Chinese people by expressing support for the values of the "group" over that of the individual. However, this has been touted as a tactic used by the CCP to retain power (Fingleton 2008, 16). The presence of a nationalist government that is supported by its populace enables it to take stronger stances in international politics, as citizens are more likely to tolerate intrusions on civil liberties if they are indoctrinated to support a national interest. The CCP has seen success in maintaining its authoritarian control while enjoying an economic growth explosion, and there are clear signs that it will maintain its political stance of refusing to tolerate opposition to what it considers internal affairs.

The nationalistic trends within China are so pervasive that they influence the decisions of the ruling party in all sectors to include foreign affairs, domestic politics, and international trade relations. Ruling as an authoritarian government, the CCP maintains tight control over the Chinese people through an indoctrination of group values, instilling a sense of patriotic duty in citizens at an early age. This has resulted in an almost universal pursuit of nationalistic values in most government and private sectors in China. Chinese trade policies have exemplified this trend through artificial inflation to undervalue the national currency, making Chinese money appealing to investors on the international market. Private business practices within Chinese-based corporations have also reinforced nationalistic ideals by insisting that certain aspects of foreign Offshoring into China consist of the most profitable components, particularly those involving

advanced manufacturing and industrial research centers. This provides for access to exploitable advanced technologies as well as reliable profits. Intel Corp. is one such example, with plans to invest \$2.5 billion in a new semiconductor plant in Dalian, China for advanced microchips (Intel 2007). The nature of interactions with foreign nations has also been affected by contemporary Chinese nationalism, in a notably defensive attitude. This can best be seen as being fueled by “popular resentment at alleged mistreatment by foreign powers (Goldstein 2005, 34).” This cultural trend has served as a contributing factor in China’s pursuit of a more assertive approach in establishing its role with the international community. Such posturing can be seen in China’s establishment as a permanent member of the UN Security Council, as well as the more recently acquired membership in the World Trade Organization (WTO). Attainment of membership in such organizations provides for an improved ability by China to take a more commanding role, and provide its own form of influence on world events. The fact that China utilizes these positions to serve its own interests of self-preservation, such as boosting its own economy by manipulating interest rates and creating disadvantages against foreign trade partners, reinforces a nationalistic, self-preserving trend. China’s internal governance is dominated by a pervasive nationalism that affects the economic, political, and diplomatic policies that guide the nation’s expression of self-identity with the outside world and interactions within the international community.

As mentioned above, China has the third largest economy at \$7 trillion GDP, placing it in a highly influential position with its economic partners of Japan, Russia, and the U.S. while utilizing questionable trade policies. China’s primary trade partners remain the U.S. and Japan, with substantial financial investments in 172 countries worldwide (CIA World Fact Book 2008).

Dominating regional economic trends in Asia, China has placed itself in a position of strategic interdependence. This has served as a significant stabilizing force, and a primary avenue of relations for Chinese leadership in matters of international relations. This trend has created positive relations with economic partners, but also serves as a source of contention with strategic rivals. For example, Chinese trade policies have become a hot button issue of international debate. China has remained steadfast in the practice of manipulating exchange rates in its favor. Specifically, China's trade commission has significantly undervalued the national currency, creating an unfair economic advantage by refusing to adopt a flexible exchange rate. As a result, international investors find the renminbi as an attractive alternative to the US dollar, and even a promising investment with the booming Chinese national economy. This has also had the effect of inflating the trade surplus China has with the U.S. Amounting to over \$260 billion in 2007, China's refusal to stem this trade surplus with the U.S. further demonstrates a refusal to act as a responsible economic power. As an emerging market economy, there is still much progress needed in order to open market areas that suffer political restraints. One of the most challenging aspects in this will be China's insufficient legal and regulatory system. The lack of adequate regulations has been pointed out to be one of the biggest problems to loosening trading barriers that create a disadvantage for foreign trade partners (Marsh and McGregor 2005). As evidenced by trade surpluses and partially closed Chinese markets, there is a clear need for reform of Chinese legal and regulatory trade policy. Still, China maintains a massive influence in international markets as an economic powerhouse that is on track to overtake even the U.S. However, China must adapt measures of reform to realize its greatest economic potential.

China has a profound history of human rights abuses and questionable restrictions of civil liberties, leading many nations to call for a change of leadership and demand political reform. The most notable example remains the Tiananmen Square event of 1989, where the CCP authorized military troops and tanks to suppress a student protest resulting in hundreds of civilian casualties. Chinese leaders justified this action as a necessary response to ending pro-democracy protests as they considered them to be a source of social chaos (Jian 2008). China has suffered from international shame because of this ever since, struggling to give an appearance of enjoying domestic tranquility. One of the common tactics that the Chinese government uses to present such an image is to limit the freedom of press, allowing only filtered news that promotes the CCP's agenda to be disseminated abroad. Journalists who dissent, or in any way pose a threat to the Chinese government are punished for breaking press regulations with imprisonment or physical abuse. Gao Qinrong discovered this the hard way by serving eight years in prison on fabricated charges after writing an article that exposed corrupt government officials (CPJ 2007). Documented occurrences of such civil rights abuses are commonplace in China. Another example of human rights abuse is the bloody repression of the Tibetan monks. Protestors were abused, imprisoned, and some even killed by Chinese authorities in order to quell the protest (Lague 2008). This crackdown in Tibet is a clear example of further intolerance on the part of Chinese leadership by refusing to allow protestors to assemble in public. Such limitations on freedom of speech are commonplace in China. The leadership has responded largely with resentment to calls for restraint from the international community. The most recent call for such reforms came from U.S. President Bush prior to the opening of the 2008 Olympics in which he publicly advocated political reforms for free press, assembly, and labor rights within China. Representatives from Japan and Australia have also joined in with these demands. The PRC's

response was sharply worded by Foreign Ministry spokesman Qin Gang that China firmly opposed any attempt to interfere in its internal affairs (FOX News 2008). Such an attitude from Chinese leadership not only demonstrates a resistance to reforms, but also represents a notable opposition and hostility towards foreign nations that would seek to facilitate change. China remains a nation with pervasive human rights abuses, showing intolerance towards appeals for reform, and resentment towards foreign nations that express concern on the matter.

China represents a massive source of economic influence, but remains undependable in its claims to be a responsible player in the international community. A growing nationalistic trend has reinforced the Communist authoritarian ability to control most aspects of the Chinese in both the public and private sectors. Despite protests and occurrences of civil disobedience, the CCP leadership has remained unrelenting in their strict control over the flow of information, continuing to keep many civil liberties repressed. Perceived threats to this control are responded to with habitual threats of severe punitive action, commonly accompanied by human rights abuses. Calls to abate such measures by the international community are received by the Chinese leadership with little interest, and are responded to with demands for noninterference of internal affairs. China's trade relations have created a workable form of cooperation with the West, but unfair trade policies are of great concern. Despite continued lack of reform in these policies, China has enjoyed an economic boom that has allowed it to compete with the U.S., the world's largest economic superpower. Chinese officials have alluded to their ability to utilize economic leverage against economic competitors such as the U.S. when threatened by political opposition but have done little in attempting to leverage such economic strength in more urgent issues, such as pressing the government of Sudan to end the atrocities in Darfur. China has grown to

command a powerful voice in international relations, backed by an imposing economic strength, but has left in question its ability to remain accountable to its claim to be a peaceful nation inside and out.

STEP 4 - SPECIFY ALL POSSIBLE COURSES OF ACTION FOR EACH ACTOR

In each of the four scenarios addressed in this analysis, the national actors have the same options. The U.S., Russia, and Japan will either enact sanctions, or take no action. China however will have the options of retaliation, reform, or non-action.

Russia, U.S., & Japan's Options

Non-Action – Nation maintains a neutral stance on any confrontation towards China, refusing to limit diplomatic relations or to join in on economic sanctions, limiting action to verbal sympathy of activists, or verbal opposition to sanctions.

Sanctions – Nation enacts economic sanctions against China and reduces diplomatic relations to minimum necessary.

China's Options

Retaliation – The CCP leadership perceives interference in internal issues as an attack, responds by utilizing its own tactics of economic warfare against the West, and particularly the U.S., its primary strategic rival.

Reform – China reforms, either from internal civil rights movement or change of leadership, and complies with demands of the IC.

Non-Action – China refuses to comply, and continues with nothing more than political protest to IC action, negligible consideration to retaliate *or* reform, self-imposed isolation.

**STEP 5 - DETERMINE THE MAJOR SCENARIOS WITHIN WHICH TO
COMPARE ALTERNATE FUTURES**

1. The regional economic and political environment remains status quo in Asia, including a Chinese economy that continues to rapidly grow and expand. There is little change in the attitude of the IC on the issue of China's human rights abuses, no new action is taken.
2. China suffers an economic recession, with loss of trade at a regional levels resulting from financial collapse caused by energy shortages, turmoil over domestic economic disparity, environmental setbacks, and unpredictable market forces affecting industries throughout Asia. There is little change in the attitude of the IC on the issue of China's human rights abuses, no new action is taken.
3. Regional economic environment remains status quo in Asia, including a Chinese economy that continues to rapidly grow and expand. The IC begins a series of public condemnations of Chinese human rights violations, including threats of intervention, and the initiation of procedural moves to impose sanctions and restrict diplomatic relations with the nation if political reform and improved civil liberties not established.
4. China suffers an economic recession, with loss of trade at a regional levels resulting from financial collapse caused by energy shortages, turmoil over domestic economic disparity, environmental setbacks, and unpredictable market forces affecting industries throughout Asia. The IC begins a series of public condemnations of Chinese human rights violations, including

threats of intervention, and the initiation of procedural moves to impose sanctions and restrict diplomatic relations with the nation if political reform and improved civil liberties not established.

STEP 6 – CALCULATE THE TOTAL NUMBER OF PERMUTATIONS OF POSSIBLE “ALTERNATE FUTURES” FOR EACH SCENARIO

A basic formula is used to determine the number of alternate futures for each scenario:

$$X^Y = Z$$

Where: X = the total number of courses open to each actor
 Y = the total number of national actors involved
 Z = the total number of alternate futures to be compared

Since China is a national actor in each of these scenarios, with a different number of possible courses of action (3), the formula is slightly adjusted: $2^3 \times 3^1 = 24$ total alternate futures, with a total of 276 votes (one for each pairwise comparison) in each scenario.

In **Scenario # 1**, the regional economic stability of East Asia remains status quo, along with the current political environment of the IC’s attitude towards China’s civil rights abuses. The U.S., Japan, and Russia all have the same two possible courses of action: Enforce economic sanctions against China with corresponding diplomatic restrictions, or Non-action. China has three courses of action: Reform, Economic Warfare, or Non-action. This scenario has $2^3 \times 3^1 = 24$ possible alternate futures.

In **Scenario # 2**, there is a regional economic recession in East Asian, but the current political environment of the IC's attitude towards China's civil rights abuses remains status quo. The U.S., Japan, and Russia all have the same two possible courses of action: Enforce economic sanctions against China with corresponding diplomatic restrictions, or Non-action. China has three courses of action: Reform, Economic Warfare, or Non-action. This scenario has $2^3 \times 3^1 = 24$ possible alternate futures.

In **Scenario # 3**, regional economic stability remains status quo, but the IC takes a confrontational attitude towards China, initiating political sanctions. The U.S., Japan, and Russia all have the same two possible courses of action: Enforce economic sanctions against China with corresponding diplomatic restrictions, or Non-action. China has three courses of action: Reform, Economic Warfare, or Non-action. This scenario has $2^3 \times 3^1 = 24$ possible alternate futures.

In **Scenario # 4**, there is a regional economic recession in East Asia, and the IC takes a confrontational attitude towards China, initiating political sanctions. The U.S., Japan, and Russia all have the same two possible courses of action: Enforce economic sanctions against China with corresponding diplomatic restrictions, or Non-action. China has three courses of action: Reform, Economic Warfare, or Non-action. This scenario has $2^3 \times 3^1 = 24$ possible alternate futures.

Table of total possible alternate futures for all four scenarios

Future #	U.S.	JAPAN	RUSSIA	P.R.C.
1	NA	NA	NA	NA
2	NA	NA	NA	EW
3	NA	NA	NA	REFORM
4	S	NA	NA	NA
5	S	NA	NA	EW
6	S	NA	NA	REFORM
7	S	S	NA	NA
8	S	S	NA	EW
9	S	S	NA	REFORM
10	NA	S	NA	NA
11	NA	S	NA	EW
12	NA	S	NA	REFORM
13	S	NA	S	NA
14	S	NA	S	EW
15	S	NA	S	REFORM
16	S	S	S	NA
17	S	S	S	EW
18	S	S	S	REFORM
19	NA	S	S	NA
20	NA	S	S	EW
21	NA	S	S	REFORM
22	NA	NA	S	NA
23	NA	NA	S	EW
24	NA	NA	S	REFORM

S = Sanctions, NA = Non-Action, EW= Economic Warfare, REFORM = Political Reform

STEPS 7 & 8 - PERFORM A “PAIRWISE COMPARISON” OF ALL ALTERNATE FUTURES WITHIN THE SCENARIOS & RANK THE ALTERNATE FUTURES FOR EACH SCENARIO FROM HIGHEST RELATIVE PROBABILITY TO LOWEST BASED ON THE NUMBER OF VOTES RECEIVED

A “Pairwise Comparison” of each alternate future is next conducted in order to determine the relative probability of each possible outcome. This is done by comparing each alternate future against every other possible alternate future, voting on one or the other as being more likely to occur. One vote is awarded during each pairwise comparison, increasing the relative probability for that alternate future to occur over the competing alternate futures. Since there are 24 total alternate futures, the total number of votes in each scenario will be 276. The greater the number of votes that each alternate future is awarded, the more likely that future is to occur. This is where the extensive background and perceptual information is put to use. The voting process is based in the information derived during the author’s research into the perspectives of each national actor.

The following tables provide a representation of which alternate future earned the greatest number of votes during the pairwise comparison process. Ranked from most likely to occur to least likely, those alternate futures which have a tying number of votes are compared against each other to determine the order of listing.

Key for below tables:

S = Sanctions

NA = Non-Action

EW= Economic Warfare

REFORM = Political Reform

Scenario # 1

China's economic growth continues, the international community maintains relations status quo

Future #	U.S.	JAPAN	RUSSIA	P.R.C.	# of Votes
1	NA	NA	NA	NA	23
3	NA	NA	NA	REFORM	22
8	S	S	NA	EW	19
5	S	NA	NA	EW	19
9	S	S	NA	REFORM	18
4	S	NA	NA	NA	16
17	S	S	S	EW	15
10	NA	S	NA	NA	14
18	S	S	S	REFORM	13
6	S	NA	NA	REFORM	13
12	NA	S	NA	REFORM	13
7	S	S	NA	NA	12
15	S	NA	S	REFORM	12
16	S	S	S	NA	12
2	NA	NA	NA	EW	11
14	S	NA	S	EW	10
13	S	NA	S	NA	8
19	NA	S	S	NA	7
11	NA	S	NA	EW	6
21	NA	S	S	REFORM	5
20	NA	S	S	EW	4
22	NA	NA	S	NA	2
24	NA	NA	S	REFORM	2
23	NA	NA	S	EW	0

Scenario # 2

China suffers economic recession, the international community maintains relations status quo

Future #	U.S.	JAPAN	RUSSIA	P.R.C.	# of Votes
1	NA	NA	NA	NA	23
7	S	S	NA	NA	22
4	S	NA	NA	NA	21
3	NA	NA	NA	REFORM	19
9	S	S	NA	REFORM	18
10	NA	S	NA	NA	18
6	S	NA	NA	REFORM	17
5	S	NA	NA	EW	16
16	S	S	S	NA	15
8	S	S	NA	EW	14
18	S	S	S	REFORM	14
13	S	NA	S	NA	11
15	S	NA	S	REFORM	10
12	NA	S	NA	REFORM	10
11	NA	S	NA	EW	10
19	NA	S	S	NA	9
21	NA	S	S	REFORM	8
14	S	NA	S	EW	5
17	S	S	S	EW	5
22	NA	NA	S	NA	4
24	NA	NA	S	REFORM	3
20	NA	S	S	EW	3
2	NA	NA	NA	EW	1
23	NA	NA	S	EW	0

Scenario # 3*China's economy continues to grow, international confrontation over human rights violations*

Future #	U.S.	JAPAN	RUSSIA	P.R.C.	# of Votes
16	S	S	S	NA	22
8	S	S	NA	EW	21
17	S	S	S	EW	19
13	S	NA	S	NA	18
7	S	S	NA	NA	17
4	S	NA	NA	NA	16
5	S	NA	NA	EW	16
14	S	NA	S	EW	16
18	S	S	S	REFORM	15
9	S	S	NA	REFORM	14
19	NA	S	S	NA	14
10	NA	S	NA	NA	13
1	NA	NA	NA	NA	11
21	NA	S	S	REFORM	11
15	S	NA	S	REFORM	9
22	NA	NA	S	NA	8
11	NA	S	NA	EW	7
20	NA	S	S	EW	7
12	NA	S	NA	REFORM	7
6	S	NA	NA	REFORM	7
3	NA	NA	NA	REFORM	4
24	NA	NA	S	REFORM	3
23	NA	NA	S	EW	1
2	NA	NA	NA	EW	0

Scenario # 4*China suffers economic recession, international confrontation over human rights violations*

Future #	U.S.	JAPAN	RUSSIA	P.R.C.	# of Votes
16	S	S	S	NA	23
18	S	S	S	REFORM	22
7	S	S	NA	NA	21
9	S	S	NA	REFORM	20
13	S	NA	S	NA	19
15	S	NA	S	REFORM	17
5	S	NA	NA	EW	15
10	NA	S	NA	NA	15
4	S	NA	NA	NA	14
19	NA	S	S	NA	14
12	NA	S	NA	REFORM	13
6	S	NA	NA	REFORM	12
21	NA	S	S	REFORM	12
8	S	S	NA	EW	11
3	NA	NA	NA	REFORM	8
14	S	NA	S	EW	8
1	NA	NA	NA	NA	7
22	NA	NA	S	NA	6
17	S	S	S	EW	6
24	NA	NA	S	REFORM	5
11	NA	S	NA	EW	5
20	NA	S	S	EW	2
23	NA	NA	S	EW	1
2	NA	NA	NA	EW	0

STEP 9 – ANALYZE EACH ALTERNATE FUTURE IN TERMS OF ITS CONSEQUENCES FOR THE P.R.C. TO WAGE ECONOMIC WARFARE AGAINST THE U.S.

After completing the pairwise comparisons between each alternate future in all four scenarios, the five relatively most likely futures to occur are further examined to understand the consequences of their occurrence. This is done in context of determining the implications of China's choice to engage in, or to refrain from, the use of economic warfare against the U.S. Each analysis addresses the international effects on political and economic stability, as well as an overview of China's subsequent domestic environment. The alternate futures are below examined in order from highest relative probability to occur within each scenario.

Scenario 1

China continues in its current trend of economic growth, the international community maintains diplomatic relations status quo.

1 Alternate Future # 1 The U.S., Russia, Japan, and China take no action. All of the national actors maintain their current diplomatic and economic relations in this alternate future. While a continuation of human rights abuses in China is noticeable, the international community, as well as the national actors, continues to recognize China's sovereignty and refrain from direct, political confrontations or resorting to economic sanctions. Economic growth continues to serve as a primary medium of international relations, and political differences over China's internal matters are not enough motivation for the national actors to sacrifice financial rewards of current relations. China maintains cooperation and reciprocal economic stimulation with its trading partners without increased threat of invasion by foreign political agenda into its internal affairs.

This alternate future best recognizes the value of placing trade relations in the forefront of international cooperation, even at the expense of political goals of individual actors. While the U.S. and Japan have a firm opposition to China's human rights abuses, the benefits of economic growth through continued efforts of positive engagement outweigh the cost of straining relations where all other nations have refrained from do so. The economy of China will continue to grow as it confronts the internal threats to disruption with economic policy reforms and a modernized infrastructure. Unfettered economic growth places China's economy over that of the U.S. and the EU in size, shifting the global balance of power. China will emerge with an unprecedented economic hegemony over the West, and establish itself as the new world power.

This alternate future would result in a continued globalization, and international competition over economic resources, as China would have overcome threats to its domestic economy. The need to satisfy growing energy needs would induce China to engage more countries to secure its limited sources of oil. With open diplomatic relations, oil rich nations with such reserves solidify international trade arrangements. This creates an increased drive by competing superpowers to engage new resources of energy, as well as secure their current providers. The booming industrial and technology based markets in China would also expand, increasing levels of revenue moving between trading partners. With such a massive economic growth, and improvements in domestic financial policies, the CCP would be able to retain its authoritative rule. The end result would be a greater economic interdependence that would engage a majority of international powers, and further place existing trade relations and economic development as a priority over political flashpoints such as human rights and expansion of democratization.

2. Alternate Future # 3 The U.S., Russia, and Japan take no action, but China undergoes political reformation. In this alternate future, each national actor favors the prioritization of economic relations over sanctions, but China undergoes political reformation regardless. This situation of reformation represents the power of internal forces within the P.R.C. Such reforms of political leadership may result from several factors. This can include the dwindling ability to control information in the modern environment, further expanding Chinese reformers as an internal influence over the CCP leaders as they increase exposure of the Chinese people to the outside world. Another cause could be the shift of the CCP leadership to a newer generation of reformed-minded persons who seek to bring political change. The third cause of such an action would be fear from the CCP of political isolation, and a preemptory appeasement as a means of economic security. A variety of factors are behind China's motive for political reforms

International interdependence among the national actors would increase, with improved political relations between China and the West. The occasion where China loosens its civil restrictions on its political dissidents would open the door to more markets that were previously denied. A greater willingness for political cooperation with competing superpowers creates an environment where trade in advanced industries and emerging technologies opens with an increased amount of trust. While improvements on China's record of human rights violations would not necessitate the transformation of an authoritarian leadership into a democracy, the reduction of domestic government restrictions would make China more appealing to foreign investors who increase outsourcing of multinational corporations into China. China's wealth would dramatically increase with the mitigation of domestic economic threats and expansion of existing markets, elevating the nation as the foremost economic superpower in the world.

China's foreign policy continues along the path of becoming an influential player in international affairs, and begins to affect policy to its favor. The political forces that eventually force reform within China are seen by the continuing trend of loosening its grip on Taiwan. Such a pattern will further demonstrate the effectiveness of reforms on China's foreign policy, as well as satisfy the CCP agenda (assuming the CCP facilitates political reforms instead of falling victim to them) of improved international image. With the increased leverage that China gains with its economic strength and enhanced international influence, China will attain the role as the strongest leader in the international community, while the West experiences a weakening of its own control. While initial benefits overcome existing political differences, the U.S. and allies will struggle to maintain their influence now rivaled by China. While this will create the window for a polarization of Sino-Russian power against the West, such a situation will initially be peaceful by the preference of political cooperation for mutually favorable economic advantages.

3. Alternate Future # 5 Russia and Japan take no action, the U.S. enforces economic and political sanctions, and China engages economic warfare against the U.S. In this alternate future, The U.S. is the only nation that decides to take action in response to China's human rights abuses, despite an otherwise global willingness to continue relations status quo. China responds to such actions by using its powerful economic leverage to "punish" the U.S. China's leadership sees the U.S. action as a threat to its private, internal affairs. Nationalistic values within China motivate the nation to demonstrate its power. China justifies such action to the international community by attempting to purport itself as a *victim* of U.S. "imperialism."

The U.S. suffers an initial economic recession, as does China due to the reciprocal effect of economic interdependence. The value of the USD decreases initially, and the supply of

selected products that are affected by U.S. sanctions and Chinese economic attacks dwindle. Prices of imports from China such as computer accessories, synthetic clothing, Chinese-manufactured goods, and generic electronics rise sharply. As the U.S. economy suffers a blow, its economic partners will feel the effects due to their substantial international interdependence. The U.S. will respond by looking to its domestic agricultural sources and coordination with alternate sources of oil and advanced technology markets. These markets will eventually rebound after economic partners and strategic allies of the U.S. buy lumps of U.S. treasury bonds to counter the effects of Chinese actions. Due to the effects of China's economic attack, economic superpowers such as Japan and Russia are forced to take measures to protect their own economy from damage resulting from extensive interdependence. While China's economic assault has an initial damaging effect on the U.S. economy, the extensive reach of the attack compels an international movement to counter the damage, providing for a delayed economic rebound.

The initial outcry from Chinese political allies of Russia and North Korea over the U.S. sanctions as being invasive and interfering of domestic affairs will be restrained after China's economic assault. Western leaders who formerly opposed U.S. sanctions or chose a neutral position are forced to now take a side, mostly with the U.S. in order to preserve their political image of promoting peace, but more importantly resorting to measures that counter damaging economic effects. Nations that previously resisted official condemnation over China's human rights abuses are obliged to take a confrontational stance at the display of Chinese disregard for the international implications of economic warfare. China is politically condemned by the prominent members of the international community as being irresponsible, and diplomatic

relations between China and affected nations are strained. China finds that, to a degree, it is politically isolated, and suffers a damaging, long-term loss of foreign investment.

4. Future # 8 Japan and the U.S. threaten economic sanctions, Russia takes no action, and China engages in economic warfare. In this alternate future, political condemnation over China's human rights abuses motivates the U.S. as well as Japan to take action. Russia's political position remains neutral, and maintains economic relations. In response to the U.S. and Japanese sanctions, China uses its own economic leverage to attack the U.S. economy with moderate success. China uses this asymmetric form of warfare to counter the effects of what it sees as a growing Western resistance to its rise as an economic superpower. The CCP takes this action to prove to the international community the extent of its economic and political power. In this future, aggressive Chinese action is utilized by its leadership as a means of attempting to save face in the situation where Western nations threaten the CCP's authoritarianism.

The implications of this attack to the U.S. economy would be similar to that of future # 5. While Japan would be joining in on the initial sanctions against China, it would also suffer economic damage from the Chinese economic attack. The recession of the U.S. economy, and the extensive collateral damage to the Chinese economy would severely affect Japan as the two nations are Japan's largest trading partners. The strategic and economic allies of the U.S. and Japan make efforts to boost the value of the U.S. dollar, and assist to expand markets in affected goods. The recession has global implications as energy costs will skyrocket, and inflated interest rates result in the collapse of small businesses, reducing the supply of limited goods. Providing there is international cooperation in an effort to counter China's economic attack, the global economy will eventually rebound.

The international community decides that the actions of China's economic policies are unacceptable, and foreign relations with the CCP are strained to pre-Reagan levels. China will find itself facing a loss of its economic growth, but manages to maintain a respectable level of strength by overcoming domestic challenges. China maintains its sovereignty is threatened by the West, and continues to justify aggressive action as a means of ensuring the nation's security and CCP authority. Although Russia maintains a neutral stance, it would find the need to place a moderate amount of diplomatic pressure on China, as trade relations between the two nations depend on continued, mutual economic benefits and political alliance as a means to counter the strength of the West and expansion of NATO. China will feel long-term negative effects on its economy, and will lose a significant amount of the political respect which it has sought after in the few past decades.

5. Future # 9 Japan and the U.S. threaten economic sanctions, Russia takes no action, and China undergoes political reformation. In this alternate future, The U.S. and Japan decide that the human rights abuses of Chinese leadership require punitive action, and threaten China with sanctions. Instead of taking an aggressive response, Chinese leaders decide to grant increased political freedoms to citizens, and make promises to improve treatment of political dissidents. Russia does not join the U.S. and Japan in pushing China towards political reform, but remains neutral and continues to develop its economic relations with all national actors status quo.

As China recognized that its economic its development has served as the means for rising to superpower status, it decides to avoid damage to its international reputation. As a result, China's economy continues to grow exponentially, and domestic economic reforms accompany the political changes. China quickly overtakes the U.S. and EU to become the greatest economy

in the world. With a massive domestic wealth and a growing leverage in international markets, Chinese leadership begins to influence trade policies in its own favor. The international community further engages Chinese markets, and global economic interdependency grows to unprecedented levels. As the U.S. loses its previous economic hegemony, it increasingly views China as a strategic competitor, but political cooperation continues in the spirit of mutual economic benefits.

The motive behind China's decision to reform its internal political practices remains one of many possibilities, and represents a challenge to Russia. Political reform may emerge from a revamped Chinese leadership, a change in Sino foreign policy, or even an unlikely social revolution. While China's nationalistic trends are accompanied by a growing number of political reformers, Russia's nationalism is not. The growing cooperation of Sino-U.S. economic trade policies and resulting political reform would weaken the authoritarianism of Chinese leadership only superficially, but enough to make the Medvedev-Putin leadership of Russia feel threatened by a growing Western influence in Asia. The reaction of Russia, and the rest of the international community, will be one of praise for the signs of China's political progress, but restrained in the presence of a subsequent realignment of the world balance of power as Chinese economic hegemony would be realized.

Scenario 2

China suffers an economic recession, the international community maintains diplomatic relations status quo.

1. Future # 1 The U.S., Russia, Japan, and China take no action. All of the national actors maintain their current diplomatic and economic relations in this alternate future. As in the first

scenario, this is the most likely relative alternate future to occur. The Chinese economic recession is a sign of failed efforts to overcome domestic challenges, and Chinese leadership focuses on strengthening its fledging economy. While the previously fastest growing economy in the world has suffered a series of setbacks, the focus on renewing its financial base becomes a priority. The practice of human rights abuses continues, but there is no direct confrontation from the international community. The national actors continue to engage China as a source of cheap labor, and focus on protecting their own interdependent economies by engaging Chinese industries which moderately helps to resuscitate China's economy.

While the national actors continue to maintain differences over the pervasive human rights violations in China, they resist direct interference and find common ground on the desirability of cheap labor and Chinese resources, aiding the restoration of China's economic health. The motive behind this action is to the benefit all of the international community, as China's economy is extensively tied into foreign markets. The necessity of assisting China's economy through engagement is seen as a priority for the security of the global economy. The cooperation among all of the national actors, as well as the international community as a whole, is supported by the majority of nations as it is necessary for their own self-preservation.

The domestic political environment within China is one which continues without change, nationalistic trends are an ever-present force that allow for a continued authoritarian rule. While there are obvious signs of disapproval from Japan, the U.S., and various nations throughout the international community, there is no overt threat issued against China. The unchanging attitudes of the CCP leadership that oppose political reform affect the ability for China to overcome the domestic challenges that threaten the economy. China will be forced to depend upon foreign aid,

and seek assistance from economic leaders on how to revive their economy. The civil restrictions against open media and freedom of expression will continue as the population becomes increasingly dependent upon the CCP for assistance and leadership during the recession. As such, China's dependence upon economic partners for recovery, and a weakened economic power with a loss of leverage will be two factors that prevent the Chinese leadership from considering economic warfare as an option when faced with political differences over human rights violations.

2. Future # 7 Japan and the U.S. threaten sanctions, while Russia takes no action and China continues with no change. In this alternate future the U.S. and Japan respond to a continuation of China's blatant human rights violations with the enforcement of economic and diplomatic sanctions. The fledging Chinese economy is an opportunity for the Western nations to force the leadership of China into taking more action towards improving its domestic affairs, blaming the recession on deficiencies of the CCP leadership. Russian president Medvedev responds with disapproval, but takes no official action. Japan joins the U.S., continuing past political cooperation at the opportunity to exert itself as a player in the development of international action against its historical rival. While the international community as a whole does not decide to take any joint action, China calls for the international authorities to condemn U.S.-Japanese actions as an expansion of Western ideology, and an oppression of their national sovereignty.

China's economy suffers an economic recession as a result of a failure for the CCP to adapt to the growing challenges to its economy. China is handicapped by an absence of forward-thinking minds in the national leadership, and lack of compliance with the introduction of reform policies within regional and local jurisdictions. This leads to the incapability for reformation of

trade policies that follow the previously unabated economic boom. The U.S. and Japan feel the effects of the recession, but are further aggravated by China's continuation of unfair trade practices. These combined factors induce the U.S. and Japan to decide that the risk of enacting sanctions in a push for political reform will be mitigated by long term benefits of improved economic trade policies. The weakened ability for China to influence trade policies result in a resistance against economic warfare, but the stubbornness of China's leadership, accompanied by nationalistic influences, prevent China from taking any measures towards reform. China's domestic economy is further hindered by the sanctions from two of its largest trading partners, and is forced to seek means of recovery through aid from Russia and other willing trade partners.

The international environment does not take any united action in the midst of these events. While China is forced to provide an explanation to the world for its failure to prevent a forewarned recession and continued human rights violations, there is a continuation of economic relations, and diplomacy continues as usual. Russia will seek to maintain its position as a responsible global citizen, and call for a cessation of sanctions, seeking a formal resolution through international bodies such as the UN. Ties between Russia, Japan, and the U.S. will be strained, but China and Russia will become closer economically, and more united as political allies against the West in future political and economic endeavors.

3. Future # 4 The U.S. enforces economic sanctions while Russia, Japan, and China take no action. This alternate future places the U.S. in the position of being an aggressor, and as such maintains the burden of proof for exposing the severity of Chinese human rights violations to the rest of the world. Japan is already affected by the recession in China and withholds from taking official action, but condones the actions of its U.S. ally. Russia responds with a public, verbal

condemnation, but like Japan takes no official action. The international community does not take any action as it considers the affair to be an issue for bilateral negotiations.

The leadership of China takes the occasion of U.S. sanctions as an opportunity to demonstrate to the world as being a more responsible economic trading power, and withholds from engaging in economic warfare. The weakened state of China's economy becomes an issue that continues without remedy, consistently in line with its resistance to political reform. The domestic power of China's authoritarianism is increased by the need for government intervention and federal aid for the worse hit Chinese communities. However, little is accomplished without political cooperation with other foreign trading partners, or a promise of increased civil rights to appease the U.S. leadership. While the continuation of the CCP as an authoritarian national leadership can continue and eventually resolve the dilemma of domestic economic challenges, it will be forced to seek foreign aid until it overcomes its recession. The resistance of the international community from taking formal action against China signifies that there will be certain trading partners willing to assist, and eventually China will overcome the recession. The U.S. will be forced to seek cooperation from its own trading partners and political allies in order for these sanctions to be effective.

The initial result of the U.S. sanctions against China will bring the issue of human rights violations to the front stage in global forums, followed by the debate over economic sanctions. While the international community does not act, there is a greater awareness of the pervasive abuses throughout China, placing the nation in a tough position in context of maintaining its national image which it has sought to prove to the world as a responsible economic superpower. Russia will also feel threatened by the advance of U.S. economic sanctions into Asia, and

response with public disapproval. The U.S. will be placed in the spotlight as an aggressive hegemonic power, but maintains it is justified in its duty to protect life and aid an oppressed people. The existence of continued violations in China are publicized to a level greater than during the Tiananmen Square massacre, and the CCP is restrained from taking aggressive action, instead perusing a means to save face.

4. Future # 3 China undergoes political reform, but Japan, Russia, and the U.S. take no action. In this alternate future, the economic recession in China is a wake-up call for its need to improve measures of domestic, economic reform by modifying public policy towards long-term growth and a discontinuation of unfair trade practices. While the authoritarian government may remain, a change in leadership and improved civil liberties make for an environment that is more open to foreign investment and subsequently demands more cooperation with signs of political improvements. China's political reformation comes as a natural result of a failed effort by China's corrupt and negligent leadership to resolve economic challenges that have prevented the nation from reaching its industrial climax.

While the economic recession that inspires China to move towards political reform is abated by efforts to also reform trading policies, the amount of damage to China's wealth depends on the speed with which emerging leaders enact their new and improved policies. The combined effects of increased political freedoms and further expansion into international markets would provide for a relatively quick economic recovery. The effects of the recession in Asia are felt by all national actors, so the willingness of Russia, U.S., and Japanese industries to further open their markets to Chinese businesses is seen immediately. This against demonstrates the benefits, as well as the risks that come with the current situation of global economic

interdependence. As trading partners across the globe make efforts to assist China in overcoming past domestic challenges and improving their trade relations, they do so as a measure of self-preservation in the interest of maintaining a global stability. China will again be seen as an opportunity for the national actors as a land of new opportunity and great potential investments. China's recession will be mitigated with the aid of foreign investment.

The move towards political reform in China does not guarantee the end of authoritarianism entirely, but only a retreat away from human rights violations and increased personal freedoms. The continuing nationalism in China keeps the current government in power, but more willing to adapt to the diplomatic demands of industrial nations, and assimilate certain components of the environment found in modern democracies. These actions may be driven entirely by an agenda that is solely focused on restoring China's economy, but the results will be a lasting improvement in civil liberties as China's emerging generation is increasingly demanding more personal freedoms. The result of this situation will be a weakened China that has become more appealing for foreign economic engagement, a limited improvement on the issue of political reform, and the potential for a progression towards continued cooperation with the international community that has prioritized overlooking differences that would otherwise risk direct confrontation.

5. Future # 9 The U.S. and Japan enact sanctions, Russia takes no action, and China undergoes political reform. In this alternate future China is compelled by the burden of an economic recession, as well as sanctions from its two largest trading partners, to take measures towards political reform. Russia withholds taking any action, and maintains operational relations with all national actors. The actions of Japan and the U.S. generate a significant level of debate

among their strategic economic competitors, but the signs of reform in China are used as a means of justifying the economic sanctions. With the willingness of Chinese leadership to oblige the powers of the West create a concern for competitors such as Russia and Iran as to the effects such an influence means in context of their own economic relations. The results of enhanced political freedoms in China, and improved ability for all national actors to exploit China's cheap labor alleviates resulting tensions, and provides for a resolution to most political protests.

China's economy is hindered from setbacks do to a complete failure to address domestic challenges, exacerbated by the enforcement of sanctions by the West. The inability to exert the same level of influence that it had in the past, China finds itself with few options. Despite the expansive nationalistic movement within China the need for immediate, drastic improvements becomes the foremost concern. The Chinese populace becomes unwilling to tolerate further economic suffering, and pushes for reform. The appeal of promised aid from the U.S. and Japan, as well as benefits of increased personal liberties far outweighs the stresses of continued noncompliance. Water, energy, and food shortages are pervasive throughout the country, and Chinese leadership is faced with a frustrating choice. The limited availability of over-utilized natural resources and the quick accessibility to an obvious solution results in China's compliance with the Japanese-U.S. demands, and implementation of political reforms.

This alternate future best demonstrates the effectiveness of coordinated economic sanctions being used in the proper situation. China's burden of overcoming a recession is a preexisting pressure that is exploited by the U.S. and Japan. While China has historically responded adversely to interference in its domestic affairs, even Chinese nationalism can be turned against the CCP if the blame of circumstances is assigned accordingly. The period of

political reform will end as quickly as the Chinese economy is stabilized, but with moderate signs of progression towards protecting human rights. The subsequent feelings of resentment against the U.S. will eventually be voiced by the Chinese, who after political reform and economic recovery will eventually associate the U.S. with controlling imperialism. The provocation of Russian disapproval of sanctions will worsen this problem. This future has the potential to solve an immediate problem of human rights abuses, but will require international support to avoid adverse long-term reactions.

Scenario 3

China continues its current trend of economic growth, the international community condemns Chinese human rights violations and moves toward direct confrontation.

1. Future # 16 The U.S., Russia, and Japan enact sanctions against China, China takes no action. In this alternate future, China finds itself isolated by the rest of the world as it faces a united confrontation by all of the national actors, as well as the international community, over its continued human rights violations. While the level of China's economy has grown, the situation of such an internationally accepted measure of punitive sanctions has limited the options China's leadership. Desiring to maintain some degree of a respectable public image, the CCP resists an aggressive economic response, but continues with its own commercial enterprises without yielding to political reform, or further damaging its economy. In this future, Japan and the U.S. choose to take an opportunity to demonstrate the irresponsibility of a strategic competitor, and Russia obliges in an effort to advance its position as a model nation, and enforcer of international law.

China's economy enjoys a continued growth as its leadership successfully addresses domestic challenges. The pattern of extensive international expansion strengthens China's position as an economic powerhouse, and the increased availability of limited resources leads to the nation's economy rivaling that of the U.S. and the EU. However, there is an increased interdependence that leads to China's susceptibility to economic sanctions. This is exploited by the international community as an ability to maintain some level of influence over the CCP leadership. The effects of enacting economic sanctions against China on Russia, Japan, and the U.S. are noticeable, but of a limited nature that is supported through various means, the burden of which is spread among the participating nations. China's ability to overcome the previous domestic challenges that threatened its economy give its leadership the confidence to continue its affairs without fear of unmanageable damage as a result of the sanctions.

The nationalistic trends within China grow, and resentment against the present international institutions is made obvious, particularly against the Western influences. Chinese leaders insist that their nation is being victimized, and seek to purport an image of domestic peace and tranquility with no true measures of political reform. This national resentment allows Chinese leadership to continue in their present track of pervasive human rights violations, as the stability from a strong economy enable the CCP to stay in power. Control over the Chinese people by its leadership is unyielding, and diplomatic relations with the outside world become more adversarial than productive. The national actors are all able to limit the economic expansion of China's markets as a means of keeping Sino influence in check, but curtail diplomatic cooperation in the process.

2. Future # 8 In this alternate future, the U.S. and Japan enforce sanctions, Russia takes no action, and China engages in economic warfare. While similar to alternate future number 17, this future differs in that Russia does not join in on the sanctions against China. This apparently small difference has a number of significant consequences. The international community, as well as Japan and the U.S. are placed at odds with Russia, as it refuses to conform to what would otherwise be a universal condemnation against China. China's decision to wage economic warfare against the U.S. is encouraged by Russia's abstinence from punitive action for continued human rights violations. With an economy growing increasingly larger, and the enabling of its strongest political ally, China begins an effective economic assault.

The outcome of China's action is a global recession, as well as significant damage to China's own domestic economy. Again, the damage to the U.S. economy will eventually rebound with appropriate measures and support from trading partners. While Russia maintains a distance from all of the developing events, its economy will certainly feel negative effects as a result of expansive economic interdependency. The combination of China's aggressive assault and the sanctions placed against China result in a global economic recession that has a negative effect on all industrialized nations. China will be the hardest hit, as it will be the focus of blame for practicing irresponsible banking and become isolated from international markets. The long-term effects of China's actions are felt by a denial of further foreign investment into high technology industries, as the nation will be distrusted for good reason. China's domestic economy will be weakened, but its leadership will attempt to address the problem of foreign sanctions and reduction in wealth through delayed negotiations, just as it delayed overcoming previous domestic threats to economic growth.

The human rights situation within China will worsen as it initially becomes more authoritarian in an effort to maintain social order. This will bring more attention of abuses to the international community, and be utilized by Japan and the U.S. as justification for enacting the sanctions in the first place. Russia will protest the sanctions against China as a sign of Western intrusion into Asian affairs, but take no action, continuing previous relations with China despite international opposition. While Russian and U.S.-Japanese ties are strained, they are not pushed to the point of overt confrontation. The effect of China's economic assault on the U.S. economy goes far enough to make even the Kremlin disapprove, despite otherwise political unity. The act of China's economic assault undermines its efforts for its long sought-after image as a responsible superpower. Diplomatic efforts of the nationalistic CCP face wide opposition, and China's domestic health faces new challenges from greater directions.

3. Future # 17 Japan, Russia, and the U.S. enforce sanctions, China responds through economic warfare. In this future, China utilizes its strengthening economic influence as a means of responding to what it considers interference into internal matters, demonstrating its power to the world. The continued human rights violations in China gain more attention as exposure is increased through the expansion of more Chinese markets overseas. China's growing economy serves as an avenue for the international community to see how extensive Chinese oppression goes, facilitating a united movement for sanctions. China's authoritarian leadership balks at universal calls for reform. The punitive sanctions further provoke China, and an economic attack on the U.S. economy is used as a means of asymmetric warfare, confirming the existence of a strengthening nationalistic trend in China.

China's economy grows to levels that rival and eventually overtake the U.S., expanding the degree of economic interdependence while frustrating U.S. leaders who continue to feel the effects of unfair Chinese trade policies. The U.S. supports the push by the international community to confront China's leadership, but bears the brunt of China's economic assault. The U.S. suffers a serious blow to its domestic economy, but measures are taken to counteract the effects of China's attack. The entire international community feels the extensive effects of the economic attacks, and works in unison to support U.S. markets through purchase of treasury bonds. U.S. trading partners do this partly out of support as economic partners, but also in order to protect their own investments which are tied into the U.S. economy. A global recession will be felt as a result of the combined effects of China's aggressive actions, and the increased sanctions levied against China. This temporary financial collapse will rebound as the international community is joined by Russia and Japan in measures of coordinated recovery.

The nationalistic aggressiveness of China leaves it isolated from the rest of the world, and its future attempts of regaining face are rebuffed. While China finds that the international community is opposed to its conduct on domestic civil affairs as well as foreign policy trends, its nationalism is still emboldened by unprecedented wealth. The CCP leadership finds renewed national pride in the midst of international confrontation. The length of time that China's leadership enjoys this extensive domestic approval will depend on how effectively it can overcome the new stressors of denied international markets, extensive diplomatic sanctions, and shortages on imported goods. Over time, the populace will begin to grow tired of the hindrances to previously unchecked economic growth, and the CCP will have to negotiate an economic truce, or undergo political reforms.

4. Future # 13 The U.S. and Russia enforce sanctions, but Japan and China take no new action. The momentum of the international community to condemn the human rights violations of China's leadership provides the U.S. an opportunity to downplay the massive economic strength of the Communist state, and create an image of the nation as one that cannot live up to the standards of a truly responsible industrialized state. The combined effort of the U.S. and the greater international community's confrontation compels the Russian leadership to join in on the sanctions in order to maintain its diplomatic philosophy of presenting itself as a model member of the international community, despite its close ties with China. Japan takes a different path from the rest, and continues relations with no change as their economic interdependence with China is too great to risk economic sanctions. China is placed in a position where its greatest political ally is sided with the economic competitors of the West, and remains unrelenting in its domestic political oppression and attempts to continue economic relations with its trading partners without yielding to demands for reform.

China's economy will suffer from the reduction in limited resources that are denied by the worldwide sanctions emplaced against it. A shortage in oil, energy sources, and restricted imported goods will be felt. Increased fines on exports from nations participating in the sanctions will burden the Chinese economy. However, the uninterrupted trade with Japan, and continued trade in manufacturing and high technology markets will allow China to maintain a relatively stable, but weakened economy. The sanctions emplaced against China will limit the flow of profits, and domestic growth will slow down with increased distrust from foreign investors. The U.S. economy will not be significantly affected in a negative capacity, other than possible animosity among joint Chinese-U.S. business ventures for political reasons. The decision by

China's leadership not to utilize economic warfare against the U.S. is based on the abandonment of their Russian friends, and the extent of widespread opposition to its internal practices.

China's foreign policy agenda of elevating itself as the world's newest premier superpower is tainted by international condemnation of its human rights abuses. Despite this, the economic growth that has allowed China to rise to its current status is a source of determination to continue with its own affairs unconcerned by external opposition. The authoritarianism of China's CCP leadership enjoys a vast amount of nationalist support, and continues to remain in power as a result. The fact that Japan is so economically interdependent that it does not enforce sanctions, even as it publicly condemns the human rights violations in China, goes to show how much influence the Sino expansion into international markets has retained. China will suffer significant degradation to its public image, but continues with a domestic wealth that provides a suitable foundation for a lasting nationalistic base.

5. Future # 7 The U.S. and Japan enforce sanctions, while Russia and China take no action. In this alternate future, the China's continued human rights violations are pervasive enough to provoke the international community, as well as Japan and the U.S. into enacting punitive sanctions. Russia decides not to take any action, but continues relations with all actors status quo. This act not only reaffirms any political alliances between China and Russia, but further strains relations between Russia and the West, as President Medvedev follows his predecessor's path of distrust towards the U.S. China's decision to take no action is largely influenced by the unified nature of the international community's confrontation. China's effort to continue with business as usual is enabled by Russia, and the CCP decide to place a priority on economic sustainability over that of an aggressive backlash towards the West.

China's authoritarian leadership places a renewed focus on maintaining its massive economy, and calls for trading partners to suspend their sanctions as they are unnecessary. The continued support of Russian oil and energy sources prevents China from suffering severe energy shortages, so the CCP is able to maintain control of the domestic resources and continue in its authoritarian rule. The effect of punitive sanctions deals a significant blow to the Chinese economy and efforts to react aggressively against the West are stayed by the priority on restoring trade relations with individual trading partners in order to alleviate the financial strain. China's foreign treasury holdings are untouched as they are necessary to keep the value of the renminbi afloat. China maintains its newfound position as an economic superpower, but loses a significant degree of financial leverage, and potentially its economic hegemony.

Russian-Sino relations will form the new base of relations for further interactions with the West. Bilateral relations between the two nations will be strengthened by the presence of Russia's own authoritarianism, prompting Medvedev to come to the defense of China's practices. China will argue that interference within its internal affairs is damaging to the global economy as a whole, and insist that continuation of sanctions is irresponsible. Japan and the U.S. will declare the CCP government as tyrannical, and push the international trading partners to increase sanctions in the interest of promoting human rights. The international community begins to see the alignment of two global villages, that of the China-Russian camp and that of the U.S.-led Western camp.

Scenario 4

China suffers an economic recession, and the international community confronts China over its continued human rights violations.

1. Future # 16 The U.S., Japan, and Russia enforce sanctions against China, but China takes no action. In this alternate future, all national actors join the international community in the enforcement of sanctions against China. The human rights violations continue to be pervasive, and there are no signs of reform as Chinese leaders refuse to yield, despite the pressures of a domestic economic recession and sanctions from its largest trading partners. The combined state of China's weakened, but still substantial economy and its sudden loss of ability to influence international bodies move the CCP leadership to decide against an aggressive economic assault in an effort to maintain an image as a responsible economic partner that is a victim of foreign interference.

The economy of China has suffered a recession due to its inability to address the aforementioned domestic threats following its sudden rise to power. Facing sudden political isolation and shortages of imported goods, the CCP takes an increasingly authoritative role within China to "properly" allocate its limited resources. The Chinese economy will continue to suffer as its greatest source of wealth, its extensive trade relations is handicapped by international sanctions. While the domestic situation will worsen with the loss of jobs in the growing urban centers, risk of total collapse will be mitigated by the presence of foreign investors who continue to find advantages in outsourcing to exploit the availability of cheap labor. The extent of China's expansion into international markets has progressed to a level that trade partners find too advantageous to cut off completely, and industrial leaders within China will continue to pursue these relations. Trading partners will maintain most existing trade agreements, but China's attempt for expansion into emerging markets will be severely

constrained. China was able to rise as an economic powerhouse under an authoritarian government that will continue to exist as a substantial influence over the global economy.

The oppression of the Chinese populace will continue either unchanged, or worsen. As the nation suffers a financial blow, the CCP will see the need to take a more involved role of acquiring and distributing its resources. The limited supply of imported goods, agricultural shortages, and the continued inefficient overuse of clean water will create the recipe for civil unrest. With these additional stressors on a society already burdened by strict government regulations of livelihood, the forces of nationalism will give way to discontentment at the failure of China's government to overcome the obvious deficiencies that have strained China's economic growth since the beginning of its industrialization. Loss of national pride will also make it increasingly difficult for the CCP to maintain its image of supremacy, creating yet another factor that will weaken its authority of rule in the eyes of the populace. Human rights abuses will worsen as the CCP takes drastic measures to maintain control, and China will find that it is increasingly held at a distance by the rest of the world.

2. Future # 18 The U.S., Japan, and Russia enforce sanctions against China, China undergoes a political reform. As the international community decides to act on the continued human rights violations within China, all of the national actors join by enforcing economic and diplomatic sanctions. The reaction of China is to bend under the international pressure, and comply with the demands of its trading partners. The CCP leadership sees this decision as a necessary act to retain its ruling authority through a limited expansion of civil liberties. Rationalizing the loosened grip on certain aspects of civilian livelihood as a means of improving their image to the populace as well as the outside world, China's leaders will continue with an

authoritarian leadership in most aspects of government. China's leaders see that the domestic wealth of China will suffer from global confrontation, and chooses a form of necessary compliance that improves personal liberties in effort to end the political standoff, but not in the form of a full political revolution.

Similar to the situation in future # 16, China's economy has suffered a recession as a result of its leadership failing to overcome domestic challenges. The extensive sanctions placed against Chinese industries exacerbate the domestic difficulties, and the unemployment rate in urban centers begins to rise. The promise of lifted sanctions and restored trade helps to alleviate the situation, staving off the fear of social unrest. As China attempts to improve relations with the international community, the failure to reform the domestic industrial deficiencies will continue to plague China. China's continued effort to engage overseas markets will preserve its economic stability, including an eventual restoration of a significant degree of its influence. China's trading partners feel the effects of China's recession, but are not placed in immediate danger as China avoids a total collapse. While China suffers a substantial blow to its economy, and strained trade agreements worsen a domestic recession, the international community reengages the Chinese markets to restore mutually beneficial relations in the presence of a continuing economic interdependency.

The implications of China's human rights abuses place it in an adversarial position against the larger international community, including each of the national actors. The enforcement of sanctions demonstrates an obvious political friction that will hinder the ability of China restore diplomatic relations to previous levels, even after sanctions are lifted at signs of reform. As the nationalistic forces in China are a solid base for a continued authoritarian

government, the visible political reforms will come slowly and progressively. After Chinese citizens begin to enjoy increased liberties, the expectation and demand for additional rights will eventually be seen among the populace. Reforms in China's economic policies will also be pursued, as leaders within China decide that the domestic recession can be remedied through modification and enforcement of preexisting regulations. Corruption will continue to be a hindrance to China's economic recovery, and regional leaders must be forced to comply with federal policy in order for progress to be made. While the international authorities will demand clear signs of compliance with its resolutions, the speed with which the sanctions are lifted and the national actors restore full trade relations will depend on the internal forces within China's leadership for enforcing the adapted measures of reform.

3. Future # 7 The U.S. and Japan enforce sanctions, but Russia and China take no new action. In this future, China's human rights violations provoke the punitive actions of both the U.S. and Japan. The fact that the international community has taken a confrontational stance further motivates the U.S. and Japan to join in on the movement. Russia views the sanctions as an unnecessary strain on Russian-Sino relations, and refuses to take part. President Medvedev abstains from joining in largely because of the similar political constraints within his own nation. The act of intervening in China's internal affairs puts Russia at risk of similar actions should China give in to the sanctions. The Chinese leadership refuses to enact political reformation, and protests to the use of sanctions, declaring it as an irresponsible endangerment to the global economy. Chinese President Jintao expresses resentment at the meddling of foreign powers into the nation's private affairs as a violation of its sovereignty. China continues economic relations

with Russia, and efforts are made to work around the sanctions to bring China out of the recession, and to expand its trade into new markets.

The decision by China to not respond with an economic attack comes largely as a need for a stabilized economy. The widespread nature of the sanctions placed against China make it vulnerable to further recession, and dependent on the continuation of preexisting trade flows and financial investments. Any economic attack is realized to be more destructive to China's own economy than that of the U.S. and its allies. Due largely to the uninterrupted flow of trade with Russia, China maintains a reliable source of oil and energy imports, preventing a critical collapse of domestic manufacturing industries. China's economy will suffer as a result of the sanctions combined with the economic recession, and the CCP will tighten its control of national financial institutions in an attempt to stave off disaster and prevent further recession. While the domestic economy of China will certainly suffer, the international community will face a noticeable, yet negligible effect with limited Chinese goods, and inflated prices on Chinese imports.

As the international community feels a constraint on diplomatic relations while dealing with China, the domestic situation is not much better. The nationalistic forces within China will enable a continued rule by the CCP in the short-term. However, with an ever present burden of sanctions hindering trade, Chinese-based businesses will find that they are unable to expand into the international markets as before. The desire to engage the cheap labor in China and further invest in its growing manufacturing sector will lead its primary trading partners, including Japan and the U.S., to continue to pressure the CCP for signs of political improvements. As Russia abstains from sanctions and enjoys an advantageous bilateral trade relation with China that the U.S. and Japan do not, pressure will also be placed on Russia's leadership to conform to the

reasoning of the international community. Existing tensions will increase between the Sino-Russian and U.S.-Japanese leaderships, making negotiations difficult and complicated.

4. Future # 9 The U.S. and Japan enforce sanctions, Russia takes no action, and China undergoes political reformation. In this future, Japan and the U.S. join the international community in enforcing sanctions against China, motivated to bring the nation into compliance with demands for improvements in the CCP's record of human rights abuses. Russia's leadership does not join in, as to do so would put their own nation at risk of being targeted for similar shortcomings in civil rights. China is placed in a situation where its two largest trading partners are making efforts to restrict its greatest source of wealth in the midst of an already menacing recession. Instead of taking an aggressive response and causing further damage, President Jintao, in cooperation with the CCP, decides to take moderate measures of political reform to preserve the economic strength of China and hopefully retain authority by pulling the nation out of a recession.

The Chinese economy faces a danger of further degradation, and despite the continued cooperation of Russia is faced with a threat to its weakened financial stability. As the threat of sanctions becomes a reality, the industrial leaders within China demand that the national leadership take action to prevent a complete collapse. As the CCP bends to domestic calls for improvements and opens dialog with the international community with promises of political reform, the sanctions are lifted and financial aid will eventually have a positive influence on China's economy. Chinese markets will still feel the strain of its recession well into the near future, but the outlook for growth will show signs of promise. Moderate effects of China's economic suffering will be felt in the U.S. and Japan in the form of a reduction in Chinese

originating goods and inflated prices. These effects will not cause a severely damaging recession within the U.S., but Japan's economy may suffer more due to a higher degree of Sino-Japanese economic interdependency. As China's economy begins to see signs of relief and stabilize, foreign investors will once again return to China and the U.S., Japanese, and Russian trade relations will be restored.

The domestic situation in China is one of discontentment that threatens the CCP's continued rule, and moves the government to adapt measures of political reform. With a widely visible nationalistic movement within China, district and regional leaders have a significant influence into the workings of China's domestic governance. As the populace widely disapproves of the current recession and the threat of a loss of national pride by continued economic sanctions, the CCP complies with the calls of reform. The level of such reform however, is limited in nature so as to demonstrate to outside parties that actionable measures of compliance to international demands are being met. Such measures will stop the obvious signs of abuses such as extended imprisonment over minor infractions of political dissent, extended imprisonment of select religious groups, and inhumane oppression of peaceful protestors. However, these reforms will be superficial, and only to a level that meets the minimum requirements of international resolutions for reform.

5. Future # 13 The U.S. and Russia enforce sanctions, but Japan and China take no action. In this future, the U.S. decides to join the international community by enforcing sanction, motivated by hopes of reform in economic trade policy along with those of political reform. Russia hesitantly decides to enforce sanctions primarily as a result of the widespread consensus of the international community to act in the interest of international law. Russia is slow to do so

as opposes meddling into China's internal affairs, but acts to preserve its image as a model nation of the international community and desire to be an active player in all aspects of international law. Japan refrains from the measure of enforcing sanctions mainly due to its close economic interdependency with China, and consequential loss of trade from the preexisting recession. Chinese leaders become resentful of the officious foreign policy of the U.S. and participating nations at their attempt to sway the internal affairs of China, and view such actions as a challenge to their nation's sovereignty. The U.S. and Russia find a new source of common ground, but China refuses to comply or positively react to the threat of diplomatic and economic sanctions.

The economic state of China and the surrounding region suffers from the recession caused by failures in leadership to mitigate forewarned threats to domestic stability. The same resistance to economic reform which provided the initial ingredients for recession is pervasive in China's government, and obstinate leaders refuse to yield to the demands of foreign leaders while ignoring calls for change from domestic representatives. As sanctions begin to restrict the growth of China's international markets, China's domestic economy spirals further downward. Threatened by the Russians' cooperation with states participating in the enforcement of sanctions, China's supply of oil and energy products becomes jeopardized. The constraints of financial losses, reduction of now overly expensive imports, continued shortages of utilities, and loss of national pride creates a widespread civil discontentment within China. Foreign investors begin to dwindle, and with them the promising wealth from business with multinational corporations. China's economy suffers a steeper recession, and faces a long-term problem of recovery with limited domestic resources and denial of select markets overseas.

China's diplomatic relations with the outside world are constrained to the worse level in decades, and remain so by the CCP's indignation towards the international community. China's leadership decides against any aggressive reaction as its economy would no longer be able to withstand a reciprocal attack, and even its strongest political ally Russia has aligned with the West against them. The leadership within China flexes its authoritarian control over the populace by overseeing a controlled distribution of utilities and limited goods in a manner that best suits its "national interests." Human rights abuses continue unabated, yet with signs of increased offenses at the expansion of the CCP's control over consumable goods. Signs of civil unrest are apparent, but limited by the strict enforcement of bans against public congregation. The international community will have an increasingly difficult time seeing what happens within China's borders as the flow of information is further tightened, and Chinese government propaganda becomes the primary source of releasable information. China's foreign relations are tightly constrained, and failed negotiations resulting from the CCP's unwillingness to compromise lead to a political stalemate that benefits no one.

STEP 10 – DETERMINE THE FOCAL EVENTS THAT MUST OCCUR IN OUR PRESENT IN ORDER TO BRING ABOUT A GIVEN ALTERNATE FUTURE

Scenario 1: *China's economic growth continues, the international community maintains relations status quo.*

Future 1: No national actors take any new action

- No significant focal events are required

Future 3: The U.S., Japan, and Russia take no action, China undergoes political reform

- The CCP adapts reform-minded leadership

Future 5: The U.S. enforces sanctions, Japan and Russia take no action, and China initiates economic warfare

- U.S. is directly affected by a significant Chinese human rights violation
- Chinese leadership rejects position of *responsible* economic power

Future 8: The U.S. and Japan enforce sanctions, Russia takes no action, and China initiates economic warfare

- U.S. is directly affected by a significant Chinese human rights violation
- Chinese leadership rejects position of *responsible* economic power
- Japan is directly affected by significant human rights incident

Future 9: The U.S. and Japan enforce sanctions, Russia takes no action, and China undergoes political reform

- U.S. is directly affected by a significant Chinese human rights violation
- Japan is directly affected by significant human rights incident
- The CCP adapts reform-minded leadership

Scenario 2: *China suffers economic recession, the international community maintains relations status quo*

Future 1: No national actors take any new action

- No significant focal events are required

Future 7: The U.S. and Japan enforce sanctions, but Russia and China take no action

- U.S. is directly affected by a significant Chinese human rights violation
- Japan is directly affected by significant human rights incident

Future 4: The U.S. enforces sanctions, but Japan, Russia and China take no action

- U.S. is directly affected by a significant Chinese human rights violation

Future 3: The U.S., Japan, and Russia take no action, but China undergoes political reform

- Nationalistic forces in China force a change in leadership

Future 9: The U.S. and Japan enforce sanctions, Russia takes no action, and China undergoes political reform

- U.S. is directly affected by a significant Chinese human rights violation
- Japan is directly affected by significant human rights incident
- Nationalistic forces in China force a change in leadership

Scenario 3: *China's economy continues to grow, international confrontation over continued human rights violations*

Future 16: The U.S., Japan, and Russia enforce sanctions, but China takes no action

- China gains an economic hegemony over all other national actors
- Chinese human rights abuses continue despite international protest

Future 8: The U.S. and Japan enforce sanctions, Russia takes no action, and China initiates economic warfare

- China gains an economic hegemony over all other national actors
- Chinese human rights abuses continue despite international protest
- Chinese leadership rejects position of *responsible* economic power

Future 17: The U.S., Japan, and Russia enforce sanctions, but China initiates economic warfare

- China gains an economic hegemony over all other national actors
- Chinese human rights abuses continue despite international protest
- Chinese leadership rejects position of *responsible* economic power
- Russian foreign policy refocuses from Chinese ally, to that of international model state

Future 13: The U.S. and Russia enforce sanctions, but Japan and China take no action

- China gains an economic hegemony over all other national actors
- Chinese human rights abuses continue despite international protest
- Japanese foreign policy takes independent turn, separating from Western influence

Future 7: The U.S. and Japan enforce sanctions, but Russia and China take no action.

- China gains an economic hegemony over all other national actors

- Chinese human rights abuses continue despite international protest
- Chinese leadership adapts a self-preservation policy, rebukes international trends

Scenario 4: *China suffers economic recession, international confrontation over human rights violations*

Future 16: The U.S., Japan, and Russia enforce sanctions, but China takes no action

- Chinese human rights abuses continue despite international protest
- Russian foreign policy refocuses from Chinese ally, to that of international model state

Future 18: The U.S., Japan, and Russia enforce sanctions, and China undergoes political reform

- Chinese human rights abuses continue despite international protest
- Nationalistic forces in China force a change in leadership
- The CCP adapts reform-minded leadership
- Russian foreign policy refocuses from Chinese ally, to that of international model state

Future 7: The U.S. and Japan enforce sanctions, but Russia and China take no action

- Chinese human rights abuses continue despite international protest
- CCP suppresses nationalistic forces and maintains domestic control

- Chinese leadership adapts a self-preservation policy, rebuffs international motion
- Sino-Russian relations strengthen to formalize a mutual aid and defense agreement

Future 9: The U.S. and Japan enforce sanctions, Russia takes no action, and China undergoes political reform

- Chinese human rights abuses continue despite international protest
- China's economy suffers severe setbacks from sanctions
- Nationalistic forces in China force a change in leadership
- The CCP adapts reform-minded leadership

Future 13: The U.S. and Russia enforce sanctions, but Japan and China take no action

- Chinese human rights abuses continue despite international protest
- Japanese foreign policy takes independent turn, separating from Western influence
- Russian foreign policy refocuses from Chinese ally, to that of international model state
- Chinese leadership adapts a self-preservation policy, rebukes international trends

STEP 11 – DEVELOP INDICATORS FOR THE FOCAL POINTS

1. The CCP adapts reform-minded leadership (Futures 3, 9, & 18)

- Hu Jintao exhibits actionable signs of increased freedoms of press and expression
- Religious institutions are allowed to meet without required government authorization
- Relaxation of restrictions on media and public access to information
- Bans lifted on public protests and freedom of movement for political dissidents
- Privatization of the People's Bank of China

2. Chinese leadership adapts a self-preservation policy (Futures 7 & 13)

- CCP enforces tighter travel restrictions on business and commercial visitors alike
- Chinese agricultural exports decrease, and are diverted to domestic markets
- Energy imports are fortified, extensive strategic reserves are established
- Strict regulations are placed on use of scarce goods such as water, oil, and energy
- Infrastructure improvements are made to increase efficiency in all industrial sectors, decreasing foreign dependency on imported goods.

3. Chinese leadership rejects position of *responsible* economic power (Futures 5, 8, & 17)

- President Hu Jintao publicly rebukes international trends of economic regulations
- China retains artificial inflation and increases trade surplus with economic partners
- China selectively excludes partnerships in high-technology and manufacturing markets to prevent outsourcing of domestic businesses

- China's leaders boast publicly about their ability to influence foreign markets
- Chinese leadership nationalizes foreign assets of multinational corporations within China, claiming right of sovereign domain

4. Chinese human rights abuses continue despite international protest

- Attempts to protest at public gatherings are repeatedly met with police brutality
- Mandatory religious registration and restrictions on faith-oriented congregations
- Imprisonment and physical abuse of passive political dissidents
- False imprisonment of independent reporters and foreign journalists

5. Nationalistic forces in China force a change in leadership (Futures 9 & 18)

- Regional leaders gain power of popular support and increased influence within CCP
- Growth of social discontentment over living conditions and limited personal freedoms
- Reduction in domestic economy, resulting from continued neglect by leadership to address long ignored issues that pose industrial, economic, and environmental threats
- China's PLA commanders refuse to comply to CCP instructions

6. China's economy suffers severe setbacks from sanctions (Future 9)

- Foreign investors pull out of Chinese industrial manufacturing markets
- China loses its trade surplus and begins to run a deficit with foreign trade partners

- Hyperinflation of China's currency is evident as the value of the renminbi decreases
- Unemployment rates increase, a growing number of homeless appear in urban areas

7. China gains an economic hegemony over all other national actors (Futures 7, 8, 13, 16, & 17)

- China maintains its trade surplus with the U.S., creating increased levels of surplus over additional trading partners including Japan and Russia
- China's GDP increases in size, overtaking the U.S. as well as that of the EU
- China gains a dominant position over the high-technology manufacturing markets, threatening the competitiveness of foreign businesses.
- People's Bank of China expands control, gaining financial collateral over foreign assets that are invested in mainland China

8. Sino-Russian relations strengthen to formalize a mutual aid and defense agreement (Future 7)

- Russian Interior Ministry provides material and financial aid to China to counter the potential effects of diplomatic and economic sanctions of tertiary parties
- Sino-Russian trade relations tighten to levels that exclude foreign nations Russian and Chinese markets, selectively denying trade partners previously open markets
- Russia reduces restrictions on military sales to the PLA to include the latest technologically developed equipment, including radar and targeting software
- Joint military exercises between Russia and China increase, and are oriented towards defending against Western aggression.

9. Russian foreign policy refocuses from Chinese ally, to that of international model state

(Futures 13, 17, &18)

- Russia officially absolves Treaty of Good-Neighborliness and Friendly Cooperation
- Suspension of all Russian military sales to China's PLA
- Russian President Medvedev creates significant divergence from Putin diplomacy, adapting policy of proactively reaching out to Western institutions such as NATO
- Russia threatens to cut China's oil supplies to support international sanctions
- Medvedev publically condemns China's political affiliations with North Korea

10. Japanese foreign policy takes independent turn, diverging from Western conformity (Future

13)

- Japan increases bilateral relations with China, deliberately excluding the U.S. from favorable trade negotiations in new and emerging markets
- Japan reforms constitution to allow provision for a full fledged military force during times of peace, rejecting dependency on their defense treaties with Western powers
- Japan's foreign relations demonstrate signs of nationalism, exhibited by aggression towards China, North Korea, and discontentment with U.S. sanctions on China
- Japan's economic interdependence with China increases, allowing for greater political cooperation at levels that create suspicion among U.S. policy makers

11. Japan is directly affected by a significant Chinese human rights violation (Futures 7, 8, & 9)

- Human rights violation in China results in injury/death to Japanese citizen(s)
- Japanese citizens in China retreat to embassy for protection from CCP
- Japanese leadership demands Chinese apology for violation of national sovereignty
- Japan appeals to international authorities (AES...) with grievance against China
- Japan suffers financial loss from decreased trade caused by withdrawal of investors

12. U.S. is directly affected by a significant Chinese human rights violation (Futures 4, 5, 7, 8 & 9)

- Human rights violation in China results in injury/death to U.S. citizen(s)
- U.S. citizens in China retreat to embassy for protection from CCP
- U.S. leadership demands Chinese apology for violation of national sovereignty
- U.S. appeals to international authorities (UN) with grievance against China
- U.S. suffers financial loss from decreased trade caused by withdrawal of investors

**STEP 12 – STATE THE POTENTIAL OF A GIVEN ALTERNATE FUTURE TO
“TRANSPOSE” INTO ANOTHER ALTERNATE FUTURE**

The final step of the LAMP involves an analysis of the consequences of the occurrence of a given alternate future, examining the potential for each alternate future to transition into a different alternate future. This concept of “transposition” is an important final element that

allows for a more thorough understanding of the probability for the relatively most likely future's occurrence to actually take place. The five most likely alternate futures that were examined in step 9 are addressed below, identifying those which have a potential for transposition into different alternate futures.

Scenario 1:

Future # 1 has the potential to transpose into alternate futures 2 and 5. If nationalistic forces within China force a change of leadership in the CCP, reformation may occur, leading into the future #2. If the U.S. decides that human rights violations are an acceptable excuse to enforce sanctions against China in an effort to wear down China's growing economic hegemony, then this future can transpose into future # 5, assuming that China takes enough offense at the U.S. actions to respond with an economic attack.

Future # 3 has the potential to transpose into alternate future 8. If Japan continues a political cooperation with the U.S., it will join in by enforcing sanctions against China as a means of preserving its own defensive stability. The degree of Japan's economic interdependence with China will make the difference of whether or not it also enforces sanctions.

Scenario 2:

Future # 1 has the potential to transpose into alternate futures 4 and 3. If the U.S. sees the economic recession within China as an opportunity to push for human rights while it is in a weakened state, then the situation would transpose into future # 4. If nationalistic forces within China pressure the regional leadership, empowering an influence over the CCP and causing a reform, then the situation will transpose into future # 3. This will depend on the level of

economic suffering within China, and whether or not it is enough for nationalistic forces to influence the CCP leadership.

Scenario 3:

Future # 8 has the potential to transpose into alternate future 16. If Russia decides to follow the path of an international model state, the situation can transpose into future # 16. This transposition will depend on Russia's willingness to move away from its present political cooperation with China, and its priority of presenting an image as an international authority.

Future # 13 has the potential to transpose into alternate future 16. If Japan continues conformity with the U.S., the situation can transpose into future 16. The potential for this to happen depends on how willing Japan is to risk punitive economic damage from China as the growing economic interdependency puts Japan at an increased vulnerability. The higher the economic interdependency, the less likely it is for this transposition to occur.

Future # 7 has the potential to transpose into alternate future 16. While Russia traditionally sides with China when faced in politically adversarial positions against the West, the decision by Russia to pursue a favorable international image could result in this situation transposing into future # 16. In order for this to happen, President Medvedev will have to prioritize the nation's public image over continued political trust with China.

Scenario 4:

Future #16 has the potential to transpose into alternate future 18. If nationalistic forces within China are powerful enough to push the CCP towards reformation, the situation could transpose into future # 18. The deciding factor in this possible transposition is whether or not

Chinese nationalism will shift from support of the CCP to that it demands for reform in an effort to restore the country's national pride.

Future # 7 has the potential to transpose into alternate futures 16 and 9. If Russia joins in on the sanctions with the rest of the international community, the situation will likely transpose into future # 16. For this to happen, Russia will have to part from its position as a Chinese ally, and instead pursue its ideal as an international model state. This transposition is more likely to occur in scenario 4 than scenario 3 as the economic recession will increase the effectiveness of sanction, making it more likely that China will respond favorably. However, if nationalistic forces within China, under pressure of the economic recession, push for a reform in the CCP, the situation could transpose into future # 9. Most importantly, this transposition will depend on the nationalistic forces favoring reform and restoration of national pride over loyalty to the CCP.

Future # 13 has the potential to transpose into alternate future 16. If Japan can overcome the effects of China's recession and the loss of trade from sanctions, this situation can transpose into future # 16. Economic interdependency could weaken Japan's trade relations with its biggest trading partner, but Japan's sizable GDP could be big enough to support the nation and allow its leadership to join the rest of the international community by enforcing sanctions against China.

Conclusion

The above analysis indicates that there are several signs of evidence that China will likely utilize economic warfare against the U.S., but only under specific economic conditions and favorable circumstances. The first significant trend displayed by the pairwise comparisons is that

political confrontation solely from the U.S. is perceived by China to be a hostile expansion of the West, and a threat that merits economic warfare as a response. As this response is intended towards the U.S. threat, support from Japan in this situation does not greatly change China's perception as the archipelago nation is largely a supporter of U.S. foreign policy. A second trend is that an economic recession in China will set in motion nationalistic forces within the nation to push for measures of reform, decreasing the likelihood of using economic warfare. This pervasive nationalism is a powerful force that can affect regional leaders in a manner that increases their willingness to consider measures of reform. A third trend is that Russia will likely take no action unless compelled to do so by a universal call among the international community to do so, reducing the willingness of Chinese leaders to comply with demands for reform. While Russia seeks to present the image as an international model state, the leadership will prefer to protect China as it is one of the largest political allies. A fourth trend is the influence that economic interdependency plays on the ability of all national actors to have an effective influence over China, as well as each other. While any precise quantitative value of financial loss that may result from the worse alternate future of Chinese economic warfare is impossible to theorize with any accuracy, the ramifications are that a significant level of damage would be caused to not only the U.S. economy, but the global economy as a whole. However, with support from trading partners, the U.S. can rebound and retain a level of financial stability after an economic attack. Continued economic engagement of China therefore, represents a clear national security interest for the U.S. An inability for the U.S. to maintain open trade relations with China over the human rights issue could force a political division among trade partners, and severe economic consequences should sanctions be pursued without full economic cooperation with the international community and appropriate economic pressures from within China. The economy

of the U.S. and the global community as a whole is clearly vulnerable to China's ability to manipulate international trade markets if they are utilized to further political agendas, providing for a significant risk to the security of U.S. economic stability.

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