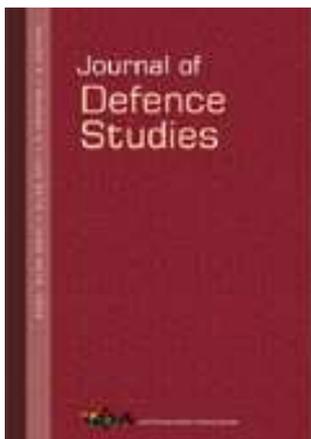


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From Smart Power to Sharp Power

How China Promotes her National Interests

*Mandip Singh**

Authoritarian regimes are increasingly taking recourse to sharp power as a preferred means of realising national interests. Sharp power weaves an intricate web of responses short of war, such as coercion, persuasion, political power, and inducements to further a nation's interests, all the while concealing a long stick. China, in particular, has perfected the art of using sharp power in recent years, often investing large political capital and monies to impose its will on nations all over the globe. Various organs of its government—the United Work Front, Ministries of Public Security, State Security and Foreign Affairs—actively pursue a 'sharp' agenda through media, culture, academia, tourists, and the diaspora abroad, to lend patronage to tools of sharp power statecraft. This article interrogates the concept of sharp power, how it differs from soft and smart power, and details the gradual and systemic penetration of Chinese influence in this regard.

A prince should make himself feared in such a way that if he does not gain love, he at any rate avoids hatred.

—Niccolò Machiavelli

THE ORIGIN OF SOFT POWER

The classification of 'power' into two distinct domains—hard and soft—is not new to students of international relations. Hard power, as we know it, has two components—'coercion' and 'payments'—whilst soft power

* The author is a serving officer in the Indian Defence Forces. These are his personal views and in no way represent those of his Service or the Government of India.



is often described as 'attraction'. It has also been oversimplified to denote 'carrots and sticks'. Hard power or the use of military force to subjugate an adversary is as old as mankind. As weapons of war increased in lethality and warfare became more 'mutually destructive', it became increasingly difficult to impose one's will on an adversary by hard power alone. Post World War II, stronger nations explored other means of leadership as brute force and strength lost currency amongst mature nations. Increasingly, hard power was deemed insufficient to resolve conflicts and sheer force failed to deter individuals or nations. Thus emerged the notion of soft power, a concept attributed to Joseph Nye who first referred to it in his seminal book *Bound to Lead: The Changing Nature of American Power*¹ in 1990. He described soft power as a policy tool that nations can use to 'achieve desired outcomes through attraction rather than coercion'. Soft power used two levels of attraction—individuals and nations. Nye argued that while individuals use charisma, vision and the power of communication, nations attract by their culture, political values and foreign policies.

Since 1945, history is replete with examples of failure of hard power. The United States (US) failed decisively in Vietnam despite using overwhelming hard power. The Soviets had a stranglehold on Eastern Europe where Communism was a binding tool, but use of force in Hungary and the former Czechoslovakia led to disillusionment that eventually saw these countries break away from its sphere of influence. In recent years, the Gulf Wars and their aftermath has left the Arab world unsettled, troubled and embroiled in seemingly perpetual conflict in many countries. The Americans and the Russians burnt their fingers in Afghanistan, leaving a similar legacy of failure. On the other hand, the use of soft power alone too failed to achieve the desired results. Perhaps the best-known proponent of soft power is the Dalai Lama, yet he has been unable to achieve autonomy for his people by soft power alone. In the 1990s, the Clinton Administration tried to use diplomacy to persuade the Taliban to reign in their support to Al Qaeda but failed. As a result, the US did not do enough to destroy the safe havens created for Al Qaeda, a folly for which the it paid dearly for not using 'the stick' in time.² Closer home, India's policy in Afghanistan has been benign, relying on soft power to assist in the reconstruction and development of the people of Afghanistan by funding people-friendly projects and enabling greater people-to-people contacts. Yet, India finds herself sitting out of the high table that discusses the future of Afghanistan.

In 2006, while commenting on Islamisation and the ‘war on terror’, Nye argued that: ‘America cannot win unless the mainstream wins, and needs to use hard power against the hard core like Al Qaeda because soft power will never attract them. But soft power is essential to attract the mainstream and dry up support for the extremists...’, adding, ‘By failing to be smart about how we combine our hard and soft power in the struggle against jihadist terrorism, we fall into the trap set by Al Qaeda’s Osama bin Laden and Hezbollah’s Hassan Nasrallah, who want to cast the conflict as a clash of civilizations.’³

Soft power turns ‘smart’ when elements of security, salience of force and aggressive diplomacy are intertwined into the strategy to target an adversary.

SMART POWER

Smart power can be defined as the capacity of an actor, entity or a nation to effectively combine the elements of hard and soft power in ways that are mutually reinforcing or mutually complementary so as to achieve the desired aim effectively. While hard power is more visible, preferred and better funded, soft power is scattered amongst people, cultures, values and policies. However, a ‘smart’ mix of the two is the way forward. A typical example is ‘showing the flag’ missions by naval flotillas—a hard power tool that is used effectively for soft power ends. The employment of the Indian Air Force (IAF) for assistance in the Nepal earthquake in 2015 or the Indian Navy’s support in the devastating tsunami that hit Southeast Asia in 2004 are shining examples of a nation’s exercise of smart power.

Perhaps the first world leader to actively profess the use of smart power was Hillary Clinton, who stated at her confirmation hearing before the Senate Foreign Relations Committee that:

We must use what has been called ‘smart power,’ the full range of tools at our disposal—diplomatic, economic, military, political, legal, and cultural—picking the right tool, or combination of tools, for each situation...With smart power, diplomacy will be the vanguard of foreign policy.⁴

A fine example of the effective use of smart power by the US was capping Iran’s nuclear ambitions by enforcing crippling sanctions, while retaining the hard power option. The US and European nations lifted oil and financial sanctions in 2015-16 and released roughly \$100 billion

of its assets after Iran agreed to ship 98 percent of its fuel to Russia, dismantle over 12,000 nuclear centrifuges and poured cement into the core of a reactor designed to produce plutonium.⁵

Even Mao Zedong, at the head of a Communist government in China, followed the strategy of strategic patience—‘smart’ in a period where deft balancing between US and the Union of Soviet Socialist Republics (USSR) during the Cold War was the acme of diplomatic skill. His successor, Deng Xiaoping’s dictum of ‘bide your time, keep a low profile, never take the lead’ only reinforced China’s ‘smartness’ in balancing hard and soft power.

More recently, smart power has gained a more aggressive tenor. Political analysts wonder at how China and Russia—two nations that rank at 25 and 26 in the world’s top 30 global soft power index⁶—continue to exert enormous power and influence without using hard power overtly. Authoritarian governments are increasingly using their own rules to shape national interests. While not employing hard power directly, these regimes use manipulation, influence peddling, bullying and intimidation in their repertoire to impose their will. According to *The Economist*, ‘sharp power’ comprises policies that help authoritarian regimes coerce and manipulate opinion abroad.⁷ China, and to an extent Russia, are proponents of this concept of sharp power.

In an opinion piece provocatively titled, ‘China’s Sharp Power Makes Democracies Look like Strategic Amateurs’, the author laments about the West thus: ‘South China Sea—didn’t see that one coming; Asia Infrastructure Investment Bank—we were slow and less than enthusiastic to become involved; Belt and Road Initiative—we were not even in the race. We look like strategic amateurs.’⁸

Having elucidated above on the various concepts and interpretations of power in the international relations system, this article will now examine China’s use of ‘sharp power’ as an instrument of furthering her national interests. In doing so, it looks at China’s use of sharp power in its myriad forms. It then discusses possible methods and strategies to counter that use. Much of the current thinking on sharp power is occurring in western academic and research circles. This article endeavours to shed light on this subject to an Indian readership.

CHINA’S SHARP POWER

In the early years since the formation of the People’s Republic of China (PRC), Chinese foreign policy was benign and exclusive. The country was

entangled in a web of internal and peripheral issues and in consolidating the Communist Party of China's (CCP) control and ideology. After Mao, Deng Xiaoping realised the need to modernise and enunciated the famous 'four modernisations' as the goals of the political leadership. His foreign policy was dictated by the 24-character dictum: *Observe calmly; secure our position; cope with affairs calmly; hide our capacities and bide our time; be good at maintaining a low profile; and never claim leadership.* Fast-forward to 2012. The ascendance to power of Xi Jinping and his 'China Dream' of 'national rejuvenation' fundamentally altered the PRC's ways of conducting business with the world. Deng's 24-character strategy is all but forgotten. China's rise, Xi's consolidation of power, and an assertive and muscular foreign policy supported by a modern, 'informatised' military have propelled it to challenge American power at the global level. In the process, China has woven into its statecraft all the threads that herald the arrival of a superpower—soft power, hard power, smart power, and now sharp power.

Her use of sharp power has been dubbed by some as 'China Threat 3.0'.⁹ China has all the credentials to radiate sharp power—it combines the world's second largest economy; second-largest defense forces; an authoritarian, capitalist-communist regime (with Chinese characteristics); a President 'for life'; capacities to contest the rules based international order; a massive propaganda and information control machinery; and a large diaspora worldwide. China's ensemble of instruments to employ sharp power include the following:

1. Political power
2. Coercion
3. Culture, Language and Religion
4. Media manipulation
5. Academia
6. Chinese Diaspora
7. Inducements

These are discussed below in detail to explicate and contextualise the demonstration of sharp power.

Political Power

For decades, China prided itself in following a foreign policy guideline of non-interference and respect for sovereignty while seeking trade and economic relations with nations. In fact, this policy was often employed

as a soft power tool and found favour among the target countries political elite, particularly in Africa. Gradually, as China's economic heft and clout grew, it began to increasingly peddle influence with governments. China's military and diplomatic assistance to South Sudan in the civil war in the formerly un-divided Sudan is well documented as also its largesse to Djibouti to establish its first military base overseas.

China's use of political power in New Zealand (NZ) is another interesting example. At least three of country's Members of Parliament (MPs) of Chinese descent have been active in politics, possibly furthering Chinese interests. Yang Jian, an ex-People's Liberation Army (PLA) Air Force engineer, who studied languages at Luoyang Foreign Languages Institute (a part of the Third Department of the Joint Staff Department of the PLA), is a member of the CCP. In 1994, he moved to Australia where he was the Chairman of an overseas Chinese association before moving to New Zealand. In the New Zealand Parliament, he has been responsible for shaping the country's policy towards China, even accompanying the Prime Minister (PM) on his visit to China in 2016. He reportedly raised funds for former NZ PM John Keys election campaign. In one such fund raiser, six Chinese donors pledged \$100,000 with a condition that the Union Jack be removed from the New Zealand flag as it reminded them of British imperialism!¹⁰

The other is Raymond Huo, MP from 2008-14 and re-elected in 2017. He promotes China's interest, particularly her Tibet policy. He has close contacts with the Zhi Gong Party, one of the eight lesser known parties that give China a veneer of democratic respectability. In reality, it works through the United Front Department to maintain relations with overseas Chinese communities. The third is Chen Niasi, President of the NZ Chinese Students and Scholars Association. As one NZ-based Chinese said on Twitter, 'between them they will be enough members to form a New Zealand parliamentary CCP party cell.'¹¹

The Chinese political tool kit has three implements: (1) win over the political elite by offers of investments; (2) win over pliable and pro-China elites by inducements and offers and; (3) create dependence and seek favourable political responses. A fine example is the turnaround in Czech policy against China. A harsh critic of China from 2009-14, Czech President Milos Zeman did a volte-face after Chinese President Xi Jinping visited Prague in 2016, the first ever by a Chinese Head of State, resulting in a strategic partnership involving billions of dollars, calling it a sign of 'national independence' from European shackles.¹²

In Africa, Chinese influence has been visible for over a decade. Despite reports of some nations facing internal resentment against Chinese inroads, *Afrobarometer* a respected NGO reports that 63 per cent of Africans have given a thumbs up to China's presence and believe China's influence is 'somewhat' or 'very' positive, while only 15 per cent see it as somewhat/very negative.¹³ The report adds that 56 per cent of Africans also see China's development assistance as doing a 'somewhat' or 'very' good job of meeting their country's needs.¹⁴

Access denial of leaders is another recent phenomenon. Exchange programmes at various levels are common but Nye observes that China has been controlling visas and sharpening its access controls to heel criticism. According to him:

The United States has long had programs enabling visits by young foreign leaders, and now China is successfully following suit. That is a smart exercise of soft power. But when visas are manipulated or access is limited to restrain criticism and encourage self-censorship, even such exchange programs can shade into sharp power.¹⁵

Coercion

The use of coercion as an instrument of state craft has been known to Chinese scholars since the times of the Warring States and Sun Tzu. Its manifestation in recent years has been a visible arm of state policy. Writing in the *China Digital Times*, Edward Wong says:

[...] Chinese citizens and the world would benefit if China turns out to be an empire whose power is based as much on ideas, values and culture as on military and economic might. It was more enlightened under its most glorious dynasties. But for now, the Communist Party embraces hard power and coercion, and this could well be what replaces the fading liberal hegemony of the United States on the global stage.¹⁶

Recently, China has been attempting to 'convince' the Vatican to give up its moral power over the appointment of Bishops to the Church, a power that goes back centuries. Bishops in China who were loyal to the Vatican have been asked to step aside so that they can be replaced by those chosen by the Chinese Communist Party.¹⁷

The case of Spain is a typical expression of Chinese arm twisting. In November 2013, a Spanish court issued international arrest warrants for former Chinese President Jiang Zemin, former Prime Minister Li Peng, and three other retired top Communist officials consequent to a

law suit filed by two Tibetan support groups based in Spain and a Tibetan exile with Spanish nationality, ostensibly for ‘crimes against humanity’. Within days, China responded by advising Spanish authorities ‘not [to] do things that harm the Chinese side and the relationship between China and Spain.’¹⁸ Besides the cancellation of PM Mariano Rajoy’s visit to China, Spain was worried that Beijing may unleash an economic crisis by selling almost 20 per cent of its government bonds bought by China during the financial crisis in the early 2000s. The court order was revoked.

In Greece, COSCO, a Chinese state-owned enterprise acquired a 67 per cent stake in the Greek container port of Piraeus, along China’s One Belt One Road (OBOR) project. Piraeus is an entry point into Europe and helps connect the maritime route of the OBOR with the main sea routes through the Indian Ocean region to Europe. In addition, China also acquired a 51 per cent stake in Greece’s public power grid operator—all this while lauding a ‘win-win’ situation for both countries. In June 2017, Greece stunned the world and paid ‘political interest’ to China by vetoing an EU resolution at the UN condemning China’s Human Rights record.¹⁹

The economic boycott of Norway after Liu Xiabo, a Chinese dissident was awarded the Nobel Prize; the ‘banana squeeze’ on Philippines post the fracas over the Scarborough shoal; and the orchestration of riots against Japanese companies after the dispute on the Diaoyu/Senkaku islands in the East China sea are well documented. Economic coercion and arm twisting employing China’s huge economic muscle power in Africa and Latin America, Pakistan, some CAR states and even a few ASEAN countries are also well known. Interestingly, a report on the Belt and Road Initiative (BRI) by a US think tank believes that at least 23 countries out of the 68 that are members of the BRI, are at potential risk of defaulting on servicing their debt payments and at least eight of these 23, among them Maldives and Pakistan, face serious risks of default owing to the terms and conditions of the loans taken from Chinese institutions.²⁰ The China-Pakistan Economic Corridor (CPEC) project in Pakistan has also raised concerns regarding intent from within that country.²¹ Similar concerns are also shared by policymakers in India.

Culture, Language and Religion

Perhaps the most visible form of penetration of Chinese culture are the Confucius Institutes. Somewhat akin to France’s Alliance Française,

Germany's Goethe Institut, and the United Kingdom's British Council, they are foreign joint partnerships guided and sponsored by the Office of Chinese Language Council International affiliated with the PRC Ministry of Education.²² There are approximately 500 government funded and staffed Confucius Institutes worldwide and another 1,000 plus Confucius classrooms in schools all over the globe. Ostensibly to teach Chinese language and culture, they are also increasingly used to promote China's policies and interests in manipulating views of the target population through a combination of literature, cultural events and exhibitions. For example, when Slovak President Andrej Kiska's met the Dalai Lama, the Confucius Institute based at the Slovak University of Technology co-sponsored an exhibition titled 'A Chinese Story: Chinese Tibet', to emphasise the Chinese view on the status of Tibet.²³ The message was clearly to communicate Beijing's annoyance and to reinforce Chinese policy towards the Dalai Lama.

But these 'benign' institutes have also turned 'sharper'. Increasingly, universities have replaced their own curriculums with those driven by Confucius Institutes due to lack of funding.²⁴ After all, money talks.

Promotion of cultural events, especially ballets and dance extravaganzas, are actively promoted by Chinese missions abroad. The celebration of Chinese New Year, an event little heard of overseas some decades ago, has become a popular celebratory event in the cultural calendar of Latin American and even some African nations. In Argentina, the event which was celebrated by a small Taiwanese community has now grown into a cultural fest representing the PRC.

Media Manipulation

China uses mass media—newspapers, social media, radio and internet—very effectively to mould public opinion domestically and abroad. These media spaces allow it to project a positive and benign image with subtlety and finesse. In the process, China is not averse to manipulating local media and networks, laws and policies, and even using intimidation to further its agenda.

In 2015, *Reuters* carried out an investigation into the penetration of China Radio International, a state-funded radio company that had a worldwide presence of, at least, 33 radio stations in 14 countries across four continents. The report noted that the broadcast content was primarily supplied by CRI or media companies that it controlled in the US, Australia and Europe. What was most surprising was that

the Chinese government had circumvented US laws, which prohibits foreign governments from holding a radio licence but permits up to 20 per cent ownership in a station and up to 25 per cent in a US parent corporation of a station. CRI had no ownership in US stations but held majority share in a subsidiary (almost 60 per cent) in the company that leases WCRW (a radio station) in Washington and a radio station in Philadelphia.²⁵

The Chinese follow 'a triple approach' to extending their media influence abroad. Firstly, they develop presence of Chinese media in the country. Secondly, they establish partnerships, content exchanges and cooperation agreements between the Chinese state media and the local public media, media persons and media houses. Finally, they offer exchange opportunities and training for journalists.²⁶ According to Anne Marie Brady, this is part of a policy known as 'to borrow a boat to go out on the ocean',²⁷ that is, setting up strategic partnerships abroad with foreign media and feed them free Chinese content. Recently, *CCTV International*, rebranded as *CGTV (China Global Television)* and *Xinhua News Service*, and *China Daily* (CCPs English newspaper) along with CRI have entered into partnerships and mergers with foreign networks to 'sell' China to the world. They provide 24x7 broadcasts of mainland China to the world.

In Peru, for example, Juan Pablo Cardenal notes that during the APEC 2016 summit, the Chinese media was active in ensuring that China Global Television Network (CGTN) documentaries were aired on the public station TV Peru Channel 7 during prime time viewing, using local media as a 'borrowed boat' to disseminate Chinese propaganda.²⁸

The case of Chris Hamilton's book *Silent Invasion*, which documents the penetration of Chinese influence into all forms of Australian society is an indicator of China's PR clout in Australia. The publishers, Allen & Unwin, cancelled publication at the eleventh hour 'after legal advice that they could be sued for defamation by the Chinese government.'²⁹ It was the first time a foreign publisher was coerced into submission by Chinese threats.

In October 2017, Germany-based Springer Nature, the world's largest academic books publisher and owner of Palgrave Macmillan, whose publications include *Nature* and *Scientific American*, withdrew articles on sensitive topics like Taiwan, Tibet, human rights and elite politics from its mainland site on the request of the Chinese government. The articles, numbering about 1,000, caused an outcry in academic circles

and prompting the *The New York Times* to say that ‘...Under President Xi Jinping, China has grown increasingly confident in using its vast market as bargaining chip, forcing foreign firms to acquiesce to strict demands on free speech.’³⁰ Earlier that year, Cambridge University Press (CUP) found itself in the eye of an academic and media storm when it was revealed that it had agreed to pull down ‘over 300 sensitive articles and book reviews from its website in China following a request from a Chinese import agency...in order to avoid having their website shut down.’³¹ Following a hue and cry over the action, CUP retracted its decision, as Cambridge University, the owner of the Press, ‘...said the academic leadership of the university had reviewed the publisher’s decision and agreed to reinstate the blocked content with immediate effect to “uphold the principle of academic freedom on which the university’s work is founded”.’³²

In a detailed study titled *The Long Shadow of Censorship*, Sarah Cook observes that Chinese authorities use various methods to force media houses to impose self-censorship and recall media content that is offensive to Chinese sensitivities, such as anti-CCP pieces or mention of Xinjiang, Tibet, Falun Gong, etc. For example, in 2012, China refused to grant accreditation to Al Jazeera English reporters to work in China, thus forcing the channel’s Beijing bureau to close down.³³ In the same year, a CNN crew was harassed by Chinese agents in Nepal, who crossed over from the Chinese border, when the former attempted to interview Tibetans in rural Nepal.³⁴ Cook summarises that ‘...major Western news outlets have found themselves facing the kinds of restrictions—including wholesale website blocking and intrusive cyber-attacks—usually reserved for dissident Chinese websites. The impact of these obstructions reaches beyond the content of news reports, affecting the business models and economic sustainability of independent media.’³⁵

Academia

Every year, the Ministry of Education offers scholarships for international students in 289 Chinese universities offering a wide choice of doctoral, masters, undergraduate, general scholar and senior scholar programmes in almost all disciplines. These scholarships are also targeted to further inter-regional and inter-governmental relationships. For Example, there are separate ASEAN University Network (AUN) programmes for students from ASEAN countries, a Pacific Island Forum (PIF) programme for Pacific Island countries, and a European Union (EU) programme to

facilitate students from Europe. But the scholarships come with a caveat: 'Undergraduate scholarship recipients must register for Chinese-taught credit courses. They are required to take one-year preparatory courses in one of the 10 universities listed below and to pass the required test before moving on to their major studies.'³⁶ Thus, only those who have graduated in Chinese language or hold a Hanyu Shuiping Kaoshi (HSK) certificate are exempt.³⁷ Clearly, proficiency in Chinese language is mandatory.

It is no secret that budding journalists and scholars, often with poor knowledge of China, are enticed or seduced by the training programmes and jaunts to the country, and end up reporting pro-China views on policies against their own countries. Scholars writing on Chinese affairs also have been pressured 'into self-censorship', that is, curtailing from writing negatively on China, by denying them visas to travel to China, or threatening to deny visas.³⁸

Chinese Diaspora

China has a vast diaspora with almost 800,000 students studying in universities abroad. The Chinese government uses the student community effectively to communicate its interests while keeping them under scrutiny. The case of Yunnan-born Yang Shuping, who praised democracy and openness of the US saying, 'Democracy and freedom are the fresh air that is worth fighting for', in her graduation speech at the University of Maryland on 21 May 2017, drew furious reactions from Chinese social media, with many branding her a traitor. The overseas students association reacted by urging students to join an online 'Proud of China' campaign to prove their patriotism while the State media went on an overdrive. The State-run *People's Daily* calling it 'biased', the tabloid *Global Times* ordered her to apologise, and the official *Xinhua* news agency did an hour-long programme on the air quality in Kunming, Yang's hometown. The subliminal message was clear—China will not brook any criticism.³⁹

In Australia, Chinese students at the University of Sydney displayed outrage at a map shown by a professor that depicted three contested regions between India and China as part of India. The professor was forced to apologise in a statement: 'Over 18 months ago, I used an out-of-date map, downloaded from the internet...I was unaware that the map was inaccurate and out-of-date. This was a genuine mistake and I regret any offence this may have caused.'⁴⁰ Promptly, the *Global*

Times said: ‘The China-India border dispute broke out in Australia, and China won!’⁴¹

In 2017, the Chancellor of the University of San Diego in California was in for a shock when he announced that the university would be hosting the Dalai Lama as a marquee speaker. Almost immediately, its Facebook page and website were bombarded by nasty remarks and posts likening the invite to that of calling Osama Bin Laden to speak at the university.⁴²

These and more are orchestrated by the some 150-odd chapters of the Chinese Students and Scholars Associations (CSSAs) abroad. The CSSAs, overtly benign and established to assist and settle Chinese students abroad, are silent on their funding and support. In a report, the US Federal Bureau of Investigation (FBI) clearly states:

Foreign students can easily become coerced by their governments to engage in behavior, on behalf of their home country, while in the United States. Chinese diplomatic establishments allegedly subsidize groups such as the *Chinese Student and Scholars Association* and provide these organizations with direction. Thus, seemingly innocuous organizations can be co-opted into foreign government appendages (emphasis mine).⁴³

There are multiple channels that the Chinese government uses to exercise control over its diaspora—the Ministry of Foreign Affairs, the Ministry of State Security, the Ministry of Education, and the United Front Work Department. Chinese consulates and embassies finance CSSAs, often through dinners, parties and travel. In turn, some CSSAs monitor and control speech and expression by Chinese students in universities across the world. Even the office bearers of these organisations are supported by the embassy authorities, and those who don’t toe the line are often eased out. There are reports of people of Chinese origin being recruited for espionage⁴⁴, while the Ministry of Education has reportedly been issuing guidelines to students abroad of the importance of ‘patriotic education’.⁴⁵ The United Work Front aims at uniting the Chinese diaspora in support of the goals of the CCP and identifies those who need to be won over.

Inducements

One indicator of how China uses inducements to its advantage is the phenomenal increase in the budget of the Ministry of Foreign Affairs (MFA). China’s MFA budget at \$9.49 billion is a 15.6 per cent increase

from 2017 and almost 40 per cent higher than its 2013 allocation.⁴⁶ Compared to an 8.1 per cent increase in the defence budget, it is apparent that China has set aside large budgets for the MFA to sharpen its diplomatic tools. One such tool is inducements.

It was revealed in December 2017, that former British PM David Cameron was invited to head \$1 billion state sponsored fund associated with the BRI.⁴⁷ China hands like Henry Kissinger and other officials associated with China are known to have been paid consulting fees in millions of dollars. In a story in the *Washington Free Beacon*, Bill Gertz quotes an expert as saying, ‘Lenin once said that “capitalists will sell us the rope with which we will hang them,” and the Chinese Communist Party has taken this lesson to heart.’⁴⁸

In Australia, Xiangmo Huang, a Chinese billionaire property developer who donated money to political parties also donated A\$ 1.8 million to launch the Australia China Relations Institute (ACRI). In 2017, it was revealed that Huang ‘...was being investigated by the Australian Security Intelligence Organization (ASIO) on suspicion of using political donations in Australia to seek influence on behalf of China.’⁴⁹ Connections to Xiangmo Huang also resulted in the embarrassing resignation of Sam Dastayari, a serving Senator. ‘Dastayari [was] under pressure to resign since allegations of misconduct first surfaced [in 2016], when it was revealed he allowed a company owned by Chinese billionaire Huang Xiangmo to pay a legal bill for his office.’⁵⁰

A former American Ambassador to China, Gary Locke, who is of Chinese descent, sold his personal house to a Chinese company at a profit of \$150,000 five months before remitting office. This action, clearly in violation of existing norms, reflected on how even career diplomats had succumbed to indirect inducements by a Chinese company. Two months later, he invited a collection of Chinese real estate companies to explore possibilities of investing in real estate in US.⁵¹ Evidently, the Chinese had manipulated access to US real estate through diplomatic channels, thus providing them a veneer of formality.

COUNTERING CHINA’S SHARP POWER

China rubbishes the use of sharp power as old ‘China threat’ rhetoric. During a press conference at Beijing on 2 March 2018, Wang Guoqing, a spokesperson of the CPPCC, the Chinese People’s Political Consultative Conference, said the these accusations are an outcome of ‘fear and misunderstanding’ of China. He quoted Martin Luther King as saying:

Men often hate each other because they fear each other; they fear each other because they don't know each other; they don't know each other because they cannot communicate; they cannot communicate because they are separated.⁵²

The use of information warfare or mis-information as a tool of sharp power is debatable says Nye, and warns democracies of using covert information warfare (IW) against regimes, because he believes they cannot remain covert for long.⁵³ He advocates 'openness' and exposing information warfare techniques as the best defensive measures. This, however, may not be the best response. Authoritarian regimes, by their very structure, have a shaky edifice, susceptible to even the smallest of shocks. Negative public opinion, portrayal of weak governance, and a corrupt system is bound to stir the imagination of the people. In a networked world, where social media, information and communication have an overarching influence on lives of people, a well-focused counter IW plan comprising of a combination of cyber and media penetration to a targeted audience including the diaspora, tourists, academics, students, and disenchanted and fringe groups could be a better counter strategy. Democracies, in contrast, have inherent weaknesses of wooing an electorate and are answerable to the people. Unlike authoritarian regimes there is little scope to 'bulldoze' a hidden agenda without risking one's political future. As one American Congressman put it: 'You are right about the importance of combining soft power with hard power, but I cannot talk about soft power and hope to get re-elected.'⁵⁴

Furthermore, foreign governments must vociferously protest through diplomatic channels on instances of intimidation and harassment. The Chinese are sensitive to negative reports and any 'bruise to ego' is bound to invite attention. In any case, such reports would hurt Chinese claims to be a responsible and 'peaceful' nation, contributing to 'losing face'. The United Nations (UN) General assembly has at various times called for an end to political and economic coercion by member states.⁵⁵

Nation states need to improve their legislation in preventing adversaries from penetrating organisations and systems by circumventing laws and regulations. In the US, a new draft proposal has been introduced in the US House of Representatives in 2018, proposed by Senator Joe Wilson, that aims at targeting foreign funding in universities. While not specifically mentioning Confucius Institutes, the Bill will apply to the Chinese government-run programmes, in over 100 American college and university campuses. The Bill will 'clarify language in the Foreign Agents

Registration Act (FARA), a Nazi-era law intended to combat foreign propaganda.⁵⁶ Under FARA, organisations and individuals engaged in lobbying or public discourse on behalf of a foreign government are required to register with the US Department of Justice, disclose their funding and provide transparency about their dealings.

Most nations have national laws governing registration of foreigners, grant of nationality and citizenship, permanent residency and setting up businesses. Loopholes in such laws are often exploited by adversarial governments. Strict oversight supported by an effective policing mechanism can ensure plugging of such loopholes. For example, India has a robust Foreign Exchange Management Act 1999 (FEMA) and a Companies Act 2013 governing laws for foreign companies desirous of doing business in India. In the US, the US PATRIOT Act 2001, enables scrutiny of foreign financial institutions and classes of international transactions or types of accounts that are susceptible to criminal abuse; potential money laundering; and, prevent use of the American financial system for personal gain by corrupt foreign officials.

Finally, the language of money is universal. Countering China's penetration requires deep pockets. Nations need to set aside adequate monies to empower and resource the enablers of counter strategies. Mere soft power will not suffice—a steel fist wrapped in a velvet glove must be ensured for a successful deterrence against Chinese 'sharp power'.

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