

THEORETICAL CONCEPTUALIZATION OF CHINESE FOREIGN AND SECURITY POLICY

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Abstract

Since the late 1970s reform era, China has been transforming itself into an emerging superpower with global interests and responsibilities, thereby becoming a “concerned stakeholder” and a major contributor to an anarchical international arena. Reflecting international and domestic conditions, Chinese foreign policy has become more active, not to say proactive, pragmatic, and flexible and may be understood in many different ways within the theories of International Relations. China’s foreign policy is a manifestation of how the state operates in the international anarchy and gains power that eventually determines its self-preservation in an uncertain world. That is why a better understanding of China’s motivation is the matter of prime concern for scholars. Thus, in the last two decades or so, the field of international relations has been flooded with countless volumes of Chinese foreign and security policy studies.

In order to understand the main drivers, the fons et origo of Chinese foreign and security policy, one should consider how and why discussions of China need to be carried forward, and how the application of “general” theories is unproductive if not actually dangerous. In response to these lacunae, the article provides valid points in the claim of which theory can best explain Chinese foreign and security policy and simultaneously demonstrates why other theories do not.

The article provides important empirical findings and shows that Chinese internal dynamics and developments supplement structural explanations thereby providing an important context for foreign and security policy decision making. It could be concluded that neoclassical realism is a more coherent approach to the analysis of Chinese foreign and security policy than traditional system-level or unit-level theories which are appreciated by international relation academics. The author believes that neoclassical realism will continue to develop as the main approach to study foreign policy.

Keywords: *international politics, state behavior, Chinese foreign and security policy, structural and domestic variables, neoclassical realism*

1. INTRODUCTION

Since the late 1970s reform era, China has been transforming itself into an emerging superpower with global interests and responsibilities, thereby becoming a “concerned stakeholder” and a major contributor to an anarchical international arena. Reflecting international and domestic conditions, Chinese foreign and security policy has become more active, not to say proactive, pragmatic, and flexible and may be understood in many different ways within the theories of International Relations. China’s foreign and security policy is a manifestation of how the state operates in the international anarchy and gains power that eventually determines its self-preservation in an uncertain world. That is why a better understanding of China’s motivations and manifestations are the matter of prime concern for analysts and scholars.

As China moved closer to the international society, the rise of its power became a substantial theme among theorists. In the last two decades or so, the field of international relations has been flooded with countless volumes of Chinese foreign and security policy studies. Searching for an applicable theory to explain and predict Chinese foreign policy becomes a critical question for academics and policy makers. However, the preoccupation with the international system itself and an exclusive focus on the structural level of analyses enables researchers to sidestep a full and insightful explanation of the state affairs, miss

the bigger picture and bandy a few clichés. On the flip side, a narrow focus misses the forest for the trees, and stalls a good theoretical explanation of Chinese foreign and security policy.

In order to understand the main drivers, the fons et origo of Chinese foreign and security policy, one should consider how and why discussions of China need to be carried forward, and how the application of “general” theories is unproductive if not actually dangerous. In response to these lacunae, the present thesis seeks to provide valid points in the claim of which theory can best explain Chinese foreign and security policy and simultaneously demonstrate why other theories do not.

The “search” for a suitable theoretical framework of Chinese foreign and security policy intuitively leads to neoclassical realism. The justification of the theory could be explained by the fact that neoclassical realism attempts to “bridge domestic and international politics and specifically to relate domestic structures to international structures” (Carlsnaes, Risse-Kappen and Simmons 2002). The combination of systemic and domestic variables explored by neoclassical realists revives the explanation of foreign and security policy decision - making through a focus on the anarchical international system and domestic dynamics.

The article addresses the following research questions:

- 1) What has been academic interpretation of Chinese foreign and security policy?
- 2) How can we explain China’s foreign and security policy from neoclassical realist approach?

There are three parts in the paper. First, I examine the main merits and weaknesses of how Chinese foreign and security policy has been theorized. The analysis of the key theories used to describe the policy conducted through a focus on neorealism, liberalism and constructivism. Second, I demonstrate the suitability of neoclassical realism framework for foreign and security policy analysis. In the last section I put forward a neoclassical realist model and show how Chinese domestic developments matter.

2. THEORETICAL PERSPECTIVES OF CHINA’S FOREIGN AND SECURITY POLICY

2.1. Neorealism

Neorealist theory has long been at the center of the debate about foreign and security policy issues, with academics such as Kenneth N. Waltz, John Mearsheimer, Robert Jervis and Robert Gilpin and others.

Neorealism or structural realism attributes the nature of the international structure to the absence of a central authority in the international system, or anarchy, and to the distribution of capabilities, or relative powers. Building on the basic realist axioms and assumptions, neorealism focuses more on structural characteristics of the international system which prescribe or even design the policy decision-making of actors. Thus, the driving force in foreign and security policy for Waltz (1979) is the structure of the international system and not the internal characteristics of the states per se . Further Waltz (2000) explains that “international structure emerges from the interaction of states and then constrains them from taking certain actions while propelling them towards others”. In other words, while the structural characteristics force actors to frame and implement foreign policy to ensure state survival by maintaining moderate and reserved policies to attain security (Waltz 2000), or maximizing its relative power (Mearsheimer 1994), the structural factors themselves do not predict the behavior of states; rather the perfect accuracy of behavior patterns could be seen primarily in structural constraints of the system.

With a better idea of how neorealism describes foreign and security policy, one then need to see how these ideas are applied to China, and in particular how neorealists theorize Chinese foreign and security policy.

Broadly framed, neorealism pays too much attention to the material forces of the state and the structure of international system per se and prevents the researchers from seeing the “big picture”. According to neorealist theory, China should be more forceful in asserting its interests as its relative power grows in relationship to the other regional powers. The dominant expectation of neorealist scholars is characterized by growing Chinese international ambitions and a correspondingly less willingness to compromise (Sørensen 2013). However, in reality Chinese relations with its neighbors do not reflect the

applied neorealist theoretical approach. Additionally, as Schweller (2009) rightly points out, in the world portrayed by neorealists “there should be many more expansionist attempts than have actually occurred in the recent history”

Thus there are many things that neorealism fails to explain. In fact, most types of state behavior and state interaction cannot coherently be described by structural realism because of the failure to take account of ideology, domestic factors and developments, non-state actors, and the complexities of interdependence.

2.2. Liberalism

Like neorealism, liberalism is a theoretical approach that contains several interrelated concepts and strands, including liberal interdependence (political liberalism and economic liberalism), idealism, neoliberal institutionalism and the democratic peace theory, as explored by scholars such as Michael Doyle, Andrew Moravcsik, Keohane, Nye, Baldwin, Fukuyama and others.

Liberalism is more optimistic about anarchic international system, where sovereign states are not the only central actors in world politics due to the fact that interest groups, intergovernmental and non-governmental organizations and individuals influence states' decision making. In contrast to neorealist assumptions liberals believe that conflict can be avoided by strengthening global economic and institutional ties, and the notion of cooperation becomes very important as it leads to absolute gains for all actors. The liberal paradigm is explained by the fact that liberals primarily emphasize domestic preferences of states that are either purely economic or pluralistic one, which shape policy of states and international institutions. Liberalism has a fixation with systemic-level theorizing and ideational factors are a priori givens, “self-evident and non-problematic” (Lapid and Kratochwill 1996).

One of very significant aspect of liberalism is complex interdependence. Thus, Keohane and Nye (1977) argue that “dependence means a state of being determined or significantly affected by external forces. Interdependence, most simply defined, means mutual dependence. Interdependence in world politics refers to situations characterized by reciprocal effects among countries or among actors in different countries”.

Overall, liberals assert that the increase of economic interdependence will decrease the likelihood of the use of force and accelerate the “spill-over” effect of interdependence (Mitrany 1966). Further, supporting by the lack of both military expansionism and aggressiveness of Chinese relative power growth, liberals argue that China is benefiting from links to the global economy.

According to Cooper (1972), economic interdependence “refers to the sensitivity of economic transactions between two or more nations to economic developments within those nations”. Additionally, Keohane and Nye (1977) contend that international system is characterized by economic interdependence or more specifically “complex interdependence” and non-governmental actors (such as international organizations) frame international relations because of its impact on interdependence of states. Supporting this idea, Michael Doyle (1997) argues that states are “conglomerate of coalitions and interests” with membership in the international institution.

With respect to China, a lot of liberals, such as Findlay, Watson and Lampton (2008) concern that China became more preoccupied with the process of complex interdependence. And these academics suggest that both regional cooperation and China's interaction with the rest of the world reflect the way of protecting economic interests and increase the level of global interdependence. Thus, China could be considered as an important actor of regional integration. Many neoliberal scholars stress the importance of growing economic cooperation between China and ASEAN as well as China and Japan. Moreover, many researchers describe their relations as complementary rather than competitive as all actors share mutual interests in proceeding with economic cooperation (Lampton 2008). In addition, international and regional organizations that China is a part of constrain Chinese foreign and security policy in favor of cooperation (Wank 1998).

In spite of the fact that neo-liberalism made some progress in the study of China's rise and its increasing institutionalization and interdependence, liberals tend to oversimplify the complicated conditions of international relations and ignore some of the potential problems behind economic interdependence and

simply do not present a complete picture of power politics among states (Liu 2012). The focal example that shows the complexity of the concept of interdependence is that the close economic cooperation between China and Japan has not prevented the worsening of their diplomatic relations. In the same way, economic interdependence with Taiwan has not reduced the conflicts between them. Another weakness of the liberal analysis (as well as the neorealist theory) on China's rise and its international strategy is its state-centric focus. Neoliberal scholars, such as Robert Koehane and David Mitrany, have a tendency to "black box" domestic politics when it comes to foreign policy decision making outcomes.

Thus, both liberalism as well as neorealism approach pay little attention to the ideational side of foreign and security policy decision making. There is no doubt that values and identities play an important role in international relations. Not surprisingly, this limitation has given rise to other perspectives, in particular constructivism.

2.3. Constructivism

To start with, it is important to understand, that constructivism is not a theory per se, but rather an ontology, or put it simply, a set of assumptions about the world and human motivation (Slaughter 2016). Constructivists challenge the rationalist framework of many theories of international relations including neorealism and (neo)liberalism. The constructivist assumption of a homo sociologicus, rather than a homo economicus makes the aspect of irrational social construction an important part of the foundation of their school of thought (Wendt 1999).

Constructivism focuses on the constitutive role of domestic and cultural-ideational factors like culture, nationalism and identity which are not considered by systemic based theories. Nicholas Onuf (1989) argues that international politics is a "world of our making", meaning that ideas and values shape social identities of actors thereby influencing states' behavior.

Generally speaking, constructivist scholars usually put a central emphasis on the role of the ideational factors in shaping state's behavior. In the constructivist account, the variables such as military power, economic relations or international institutions are not important "because they are objective facts about the world, but rather because they have certain social meanings which are constructed from history, ideas and norms" (Wendt 1999). In relation to China, constructivists believe that its foreign and security policy reflects the logic of historical experience or strategic culture (Johnston 1995).

Additionally, many researchers such as Gries, Carlson and Rozman (2004) stress the role of national identity in explaining Chinese foreign policy. Chinese "great power identity" is largely shaped by a state's perception of other great powers and the interaction between them (Liu 2016). Thus, social constructivism challenges the basic assumptions of neorealism about human nature and according to Glosny (2009) constructivism has more explanatory power for a phenomenon like the current change in global order and Chinese behavior in international organizations.

Constructivist approach as a theoretical framework proposes to capture how Chinese perceived identity of its significant "other" is constituted and develops through social interactions, and how such identity gives meaning to China's interactions with another international actors (Uemura 2013). Constructivists claim that China's perception of regional cooperation has been going through a huge change, from suspicion in the early 1990s to enthusiasm in the late 1990s (Liu 2016). Some argue further, that change in cooperation between the states of ASEAN or BRICS cannot be explained by (neo)realism, especially from security and economic angles (Glosny 2009). In this respect, BRICS cooperation shows a challenge to rationalist theories' explanatory power as Russia, China and India have had territorial and ideological disputes amongst each other for many years, and even economic dependence as the explanation also seems to come short of a number of other factors like the emergence of a shared value or regional identity (Glosny 2009).

Thus, employing non – rational approach, constructivism adds a social dimension which (neo)realism and liberalism ignore. However, constructivist approaches do not completely address the question of why the ideational factor (shared value or regional identity) is more important in pushing China to pursue regional cooperation than material interests (economic or military interests) and the constructivist view

on China's rise and its regional strategy is mainly based on Western perspectives that makes the analysis inadequate in some aspects.

Thus, answering the first research question, it could be stated that, these contending theoretical perspectives discussed above are fundamentally divided according to both their respective emphasis on the level of analysis either structural-material focus or cultural-ideational focus, and preoccupation with particular variables in explaining Chinese behavior or preferences and its foreign and security policy outcomes. For example, conventional macro-level theories like neorealism and (neo)liberalism privilege structural-material explanations, while constructivism authorizes ideational and normative grounds.

Additionally, many researches argue that the study of Chinese foreign policy and even international relations in general must incorporate all the above mentioned theories as each of them possesses some tools that can be of use in examining and analyzing rich, multi-causal phenomena. However, this academic "trick" is not coherent and moreover, the problem of how to synthesize these approaches will be always at stake or put it simply, this "eclectic" approach is not a good tool for analysis. And more recently, the academic dialogue regarding China has progressed with the development of neoclassical realism.

3. SUITABILITY OF NEOCLASSICAL REALISM

What makes neoclassical realist theory relevant for the research is its progressive attempt to systematize the wide and varied wisdoms of classical realists within "parsimonious" theory. Thus, neoclassical realism shares the basic assumptions of its precursors, specifically, that the most significant variables in explaining political outcomes are the following: the notion of anarchy, the distribution of power and the position of states in the international system (Table 1). The main difference between these theoretical frameworks is that "neoclassical realism advocates opening the black box of the state and systematically connects structural and unit-level variables in its analysis" (Lindemann 2014).

The term "neoclassical realism" was first used by Gideon Rose (1998) in his article "Neoclassical Realism and Theories of Foreign Policy", which states that neoclassical realism "explicitly incorporates both external and internal variables, updating and systematizing certain insights drawn from classical realist thought". The founder of the theory refers to studies of Michael E. Brown, Sean M. Lynn-Jones and Steven E. Miller, Thomas J. Christensen, Randall L. Schweller, William Curti Wohlforth and Fareed Zakaria who discussed the grand strategies of great powers, and identifies a common research program among these works.

Research program	Epistemology and methodology	View of the international system	View of the units	Dependent variables	Underlying causal logic
Classical Realism	Inductive theories; Philosophical reflection on nature of politics or detailed historical analysis	Somewhat important	Differentiated	Foreign policies of states	Power distributions or distribution of interests – Foreign policy
Neorealism	Deductive theories; Competitive hypothesis testing using qualitative and sometimes quantitative methods	Very important; inherently competitive and uncertain	Undifferentiated	International political outcomes	Relative power distributions (independent variable) – International outcomes (dependent variable)
Neoclassical Realism	Deductive theorizing; Competitive hypothesis testing using qualitative methods	Important; implications of anarchy are variable and sometimes opaque to decision makers	Differentiated	Foreign policies of states	Relative power distributions (independent variable) - Domestic constraints and elite perceptions (intervening variables) – Foreign policy (dependent variable)

Table 1. Classical Realism, Neorealism and Neoclassical Realism

Source: Lobell, SE, Ripsman NM, and Taliaferro JW 2009, *Neoclassical Realism, the State, and Foreign Policy*, Cambridge University Press, Cambridge, UK

Neoclassical theorists argue that relative material power capabilities are the main drivers for foreign policy – and this is why they are realist; they argue further, however, “that the impact of such power capabilities on foreign policy is indirect and complex, because systemic pressures must be translated through intervening variables at the unit level – this is why they are neoclassical” (Kitchen 2010). In Figure 1 the relative material power capabilities refer to systemic forces which translated by internal factors and dynamics.

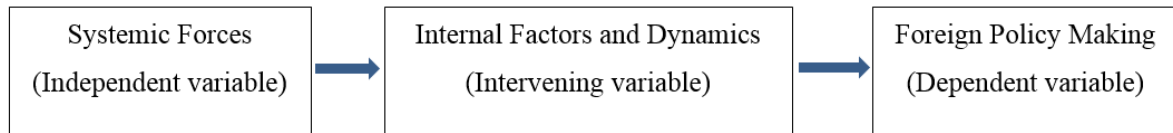


Fig. 1. Neoclassical Realist Approach

Source: Lobell, SE, Ripsman NM, and Taliaferro JW 2009, Neoclassical Realism, the State, and Foreign Policy, pp. 58.

As an analytical framework, neoclassical realism’s main assertion is that foreign and security policy decision making reflects the interaction between systemic incentives or forces formed by an anarchic international structure, and domestic, unit-level variables.

Seeking to explain the grand strategies of states, neoclassical realism combines elements of system, structure and internal dynamics of states and analyzes international relations from a plural perspective. Consequently, neoclassical realism can be seen as a continuation of neorealism reacting to the inability of the latest to explain “why state X made a certain move last Tuesday” (Waltz 1979). According to Taliaferro, Lobell and Ripsman (2009) “the state and complex domestic processes are positioned between the international system and foreign policy outcomes and posit an imperfect “transmission belt” between systemic incentives and constraints, on the one hand, and the actual diplomatic, military, and foreign economic policies states select, on the other”.

4. GENERAL EMPIRICAL DYNAMICS OF CHINESE FOREIGN AND SECURITY POLICY

As emphasised in the previous sections, the international system contains a constant unit—anarchy, and a variable factor—polarity and both determine the behavior of states. Additionally, as Rose (1998) rightly points out “the scope and ambition of a country’s foreign policy is driven first and foremost by its place in the international system and specifically by its relative material power....however the impact of such power capabilities on foreign policy is indirect and complex, because systemic pressures must be translated through intervening variables at the unit level”. Thus, the dominant factor framing Chinese foreign and security policy is state’s relative power vis-à-vis all other states under anarchic international system. The core feature of China is that it can be regarded as both a major power and a developing country. In effect, relative power capability of China derives the ambition of its foreign and security policy.

China is the world’s fourth largest country and third largest economy. Also, PRC has nuclear weapons and a permanent seat in the UNSC and is the only Communist Party-led state in the G-20. All of these facts confirm its great power status. However, domestic Chinese developments provide us with fresh new insights into the state’s behaviour and shows that relative power maximization is affected by a wide range of domestic dynamics.

The impact of China’s domestic conditions on its foreign and security policy is clear when viewed in the context of the reform era and opening up in the late 1970s. Reform process emphasizes a dramatic move away from the traditional CCP doctrine and the ruling elite legitimacy becomes dependent on economic performance. China moves from planned economy to a market economy, from isolationism to active participation in the international community, thereby becoming a developmental state.

The term developmental state or hard state refers to the phenomenon of state-led economic planning in East Asia. According to Chalmers Johnson (1982), who first conceptualizes the term, a developmental state is “a shorthand for the seamless web of political, bureaucratic, and moneyed influences that structures economic life”.

Most researches conceptually position developmental state between a free market capitalist economic system and centrally planned economic system and describe it as a combination of private ownership with state guidance (Woo-Cumings 1999). It seems beyond any doubt that Chinese government uses developmental state theory as the main ideology.

Apart from straightforward developmental patterns, another important feature of Chinese foreign and security policy is neomercantilism. It can be quite convincingly argued that PRC's developmentalist logic reflects neomercantilism. Thus, China is practicing neomercantilist policies on an unprecedented scale, especially in the monetary and financial sectors. Examples of these lines of conduct are the exchange rate manipulation and more specifically undervaluation of currency, the control of capital flows, certain forms of protectionism, government subsidy of industry for unfair advantage and discriminatory government procurement activities, copyright theft and promulgation of domestic technology standards (Pettinger 2016). Some of them, for example exchange rate and intellectual property, have been the object of a bitter dispute with the US and, to a lesser extent the EU, for a long time (Pettinger 2016).

China is manipulating or undervaluing its currency to increase exports and generate a trade deficit with the US. A closer look indicates that Chinese exchange rate manipulation is pure and simple. Academics and analytics supporting this concern have been extensive. In this sense, the CIA's “World Factbook” (2016) states, that “China's exchange rate is determined by fiat, rather than by market forces”.

Thus, China manipulates its currency to gain export advantage. For almost a decade now, China has followed a neomercantilist growth strategy to increase economic growth. Cheap China's currency leads to continued trade deficit for imported countries through discouraging import. By using these policies China gains economic power over some developed nations.

Additionally, Chinese neomercantilist strategy supports “indigenous innovation” in domestic firms and discriminates against foreign-owned firms (World Factbook 2016). To do that China has expanded an array of policies such as IP Policies, discrimination against foreign companies, market restriction and subsidies.

Thus, economic success is an indispensable approach to one - party regime's survival and source of domestic political authority in China. A regime usually adopts three approaches including ideological legality, procedural legality, and performance legality to achieve legitimacy (Beetham 1991).

In China's case, first two approaches do not satisfy the legitimacy because of Cultural Revolution issues and authoritarian nature of governance. Consequently, the performance legality, primarily depending on economic development is the principal method for the Chinese government.

A strong statement is that China seeks not merely competitive advantage, but absolute advantage in the global system. As such, the focus on autarky is tied to direct self-interest of the Chinese government to achieve and maintain its legitimacy.

Chinese economy has had three decades of spectacular growth. And more importantly Chinese managed to achieve these goals while retaining the authoritarian system that has liberalized around the margins but not in the core. Chinese achievements and its nature of political economy root the idea that Beijing consensus is a new model of development that displacing liberalization, democracy and capitalism.

The track that Chinese is managed to pull off requires extraordinary technocratic skills, great domestic sources of strength and opportunity. Chinese growth that has been acquired is at the early stage of economic and political development and aims to achieve more dynamic global economy and dominance in the international space. And neomercantilism is a very important feature of Chinese foreign and security policy as it helps to translate China's economic influence into political power. This fact creates concern that the relative standing in the international system and Chinese relative capability is

completely dependent on economic instruments. However, this is still not enough to get a complete understanding of Chinese foreign and security policy.

It is important to note that Chinese relative power and status within the international system also depend on its national security strategy and military capability.

The most unique feature of China when it comes to the state protection is that national security strategy heavily relies on regular people. One of the important internal dynamics that has been found in the previous section and strongly correlate with Chinese foreign and security policy is nationalism. For more than 2000 years and up throughout the Qing era, a Chinese national sentiment, also called “traditional culturalism”, dominated the Chinese approach to foreign relations. As Zhimin (2005) observes, “what the Chinese were always concerned about was the continuation and integrity of the Chinese culture and civilization...from the early Qin dynasty onwards, Chinese had clearly made a distinction between the “China”, or “Huaxia”, with the “Barbarians.” This traditional culturalism emphasizes both “a clear distinction of a Chinese us vis-à-vis others” (Zhao 2014) and the supremacy of Chinese culture along with the central position of China in the universe (Zhimin 2005).

Thus, contemporary Chinese history texts state the glories of its civilization and stress how sovereignty was lost, territory dismembered, and the Chinese people humiliated in what is called the “Century of National Humiliation” (Callahan 2005). In specific, the narrative is setting the long-term objectives to reunite the lost territories. The bestseller book, *The China That Can Say No: Political and Emotional Choices in the post Cold-War era* strongly expresses Chinese nationalism and argues that many “fourth-generation” Chinese embraced Western values too strongly in the 1980s and disregarded their heritage and background (Xiaoqin 2003). The book urges the government to just “Say No” in relations with the West and inspires citizens to participate in anti-Western demonstrations in response to events abroad and in acts of foreign policy (Zhimin 2005). Thus, the national sentiment of “Greater China”, frequently used in political discourses, gives Chinese a target to reinstall China to its former greatness and maintain cultural, political, and territorial sovereignty against external threats (Callahan 2005). A lot of Chinese researchers state that nationalism has become “one of the most important domestic forces behind Chinese foreign policy” (Zhao 2009). The influence of nationalism on foreign and security policy is empirically proved by China’s claims over the South China Sea in March 2010; by its loud protest against U.S.-South Korean naval exercises in international waters in the Yellow Sea; by its diplomatic defense of violent actions by the Democratic People’s Republic of Korea in March and November 2010; by its tough response to the Japanese arrest of a Chinese fishing captain in September 2010; and by its declaration of an Air Defense Identification Zone over an area of the East China Sea that covers the Senkaku in November 2013 (Johnston 2013).

Undoubtedly, nationalism is used to justify the Chinese Communist Party’s monopoly of power (Vogel 2011). Emphasizing the importance of “patriotic education” and “the history of the century of humiliation” Chinese leaders justify their strong and authoritarian leadership as the last avenue to maintain country’s sovereignty. Additionally, China’s rising economic power to some extent accumulate and increase the importance of nationalism especially when it comes to Chinese public opinion which demands the government to show that “China has stood up and never again will allow itself to be bullied by foreigners” (Zhao 2009). Moreover, being important domestic factor, nationalism enables Chinese leader to achieve public support and mobilize military resources. However, nationalism should not be overestimated and treated as an autonomous and independent force in Chinese foreign and security policy. Nationalism generates pressure for Chinese government, external position of which should satisfy domestic audiences.

Over the last two decades China has significantly strengthened its military capability. As was previously mentioned, China’s strong economy fuels its political and military power. While maintaining an authoritative communist regime, China has increased its military expenditure for the past 5 years. China’s defense budget continues its gradual increase as a percentage of GDP rising from 1.31 % in 2014 to 1.46 % in 2017. Growth in military spending has generally been in line with economic growth and has outpaced economic growth in each of the four years since 2011. In 2014 the Chinese

government's official defense spending figure was \$129,4 billion and increased to \$151 billion in 2017, and this makes China's military budget the second largest in the world behind the US.

Thus, being under the tight control of political institutions and leaders at the top level, Chinese foreign and security policy could be characterized as competitive with Chinese government seeking to protect China's position in the international system by defending its economic success, political structure and territorial integrity. Being on the top of policy-making apparatus, Xi Jinping has been speculating on the idea of "China Dream" and "great rejuvenation" after the "Century of Humiliation" in order to achieve this goal. Consequently, this domestic dynamic, together with the performance legality which is primarily dependent on economic development, justify strong and authoritarian leadership as the last avenue to maintain country's sovereignty under anarchy.

To conclude, a neoclassical realist model of Chinese foreign and security policy has the following features:

First, International system shapes the parameters of Chinese external behavior. Due to this, its economic power eventually transforms into military power, that coincides with attempts to attain greater security for survival.

Second, Chinese economy has had three decades of spectacular growth, and more importantly Chinese managed to achieve these goals while retaining the authoritarian system that has liberalized around the margins but not in the core.

Third, the president has become more powerful in the policy-making apparatus. Xi has removed institutional barriers by "locating" himself to the top of the Party; the State; and the Military.

Fourth, experiencing a profound transformation and opening up, China has become a developmental state. Apart from straightforward developmental patterns, another important feature of Chinese foreign and security policy is neomercantilism. China is practicing neomercantilist policies on an unprecedented scale in order to evolve external wealth.

Fifth, economic success is an indispensable approach to both, one - party regime's survival as well as the relative standing in the international system.

Sixth, military strength improves Chinese status and influence. Over the last two decades China has significantly strengthened its military capability.

Seventh, national security strategy heavily relies on regular people. And this is a very unique feature when it comes to the concept of security. This internal dynamic strongly correlates with another one – nationalism.

Eighth, Xi has changed the relationship between the state and society and strengthened the idea of "China Dream". Being frequently used in political discourses, the national sentiment of "Greater China" reflects CCP's nationalist agenda of unity and independence and confirms the legitimacy of nationalism and justifies the monopoly of power. However, it's not to say that the Chinese government pursues nationalistic sentiments to fully restore the territory of the "Greater China".

Thus, neoclassical realism bridges the gap between the system-level and unit-level images, thereby presenting a more nuanced and appropriate framework to the analysis of Chinese foreign and security policy. Building upon a core realist assumption, neoclassical realism considers the effect of the domestic political environment on foreign policy outcomes. The main findings of the research suggest that Chinese internal dynamics and developments supplement structural explanations thereby providing an important context for foreign and security policy decision making.

5. CONCLUSIONS

One of the key questions in International Relations is “Why do states behave the way they do?” Academics see several levels of analysis through which foreign and security policy can be examined. Accordingly, scholars either focus on the conventional macro-level theories like neorealism and (neo)liberalism, privileging structural-material explanations, or agent (actor) level of analysis, authorizing ideational and normative grounds.

The examination of the theorization of Chinese foreign and security policy reveals that neorealist theory has long been at the center of the foreign and security policy studies. Being the dominant model of international relations, neorealists explain foreign policy in terms of power politics with a strong materialist component. They argue that nature of international system and state's relative standing influence its ability to set agendas. Yet, paying too much attention to the material forces of the state and the structure of international system prevents the academics to see the “big picture”.

Like neorealism, (neo)liberalism tends to oversimplify the complicated nature of international relations and ignore some of the potential problematic issues especially when it comes to China. In contrast to neorealist assumptions liberalists believe that conflict can be avoided by strengthening global economic and institutional ties, and the notion of cooperation becomes very important as it leads to absolute gains for all actors.

When applying constructivism, academics focus on the constitutive role of domestic, cultural-ideational imperatives which is the right things to do in the case of China. For example, social constructivism, unlike neorealism or neoliberalism, questions some of the basic assumptions about human nature, thereby increases its explanatory power for a phenomenon such as the current change in global order and China's behavior in international organizations. However, constructivist approaches do not completely address the question why the ideational factor (shared value or national identity) is more important in pushing China to pursue regional cooperation than material interests (economic or military interests). Furthermore, the constructivist view on China's rise and its regional strategy is mainly based on the Western perspectives that makes the analysis inadequate in some aspects.

Regardless of the importance of these theories for critically oriented scholars, there is a common underlying analytical problem with much of the literature devoted to China. These theories do not offer the best possible insight into every aspect of Chinese foreign and security policy because they simply delimit a range of probable international outcomes. In practical terms, scholars require a theory that integrates systemic and unit-level variables. Consequently, the academic dialogue regarding China has progressed with the development of neoclassical realism.

The suitability of neoclassical realism for the research is confirmed by its progressive attempt to systematize elements of international structure and internal dynamics of states.

Neoclassical realism gives causal primacy to the notion of anarchy, the distribution of power and the position of states in the international system, however, its explanatory power increases by considering the effect of domestic developments. Consequently, combining elements of systemic pressure and internal dynamics of China, neoclassical realism explains the grand strategy of the state from a plural perspective.

According to neoclassical realism, the anarchic environment and relative capability of China determine the path of its foreign and security policy. Thus, Chinese relative power and the drive for self-preservation shape its foreign policy. However, China pursues its own strategy by responding not only to the pressure of the international structure but also to forces stemming from inside. Consequently, neoclassical realism differs on a crucial point that the quest for security and power maximization are not the only driving forces in International Relations.

The impact of China's domestic conditions on its foreign and security policy is clear when viewed in the context of the reform era and opening up in the late 1970s when the country went through significant institutional, political and economic transformation. China has moved from planned economy to a market economy, from ideological dogmatism to a more pragmatic approach and from isolationism to active participation in the international community. Since then, Chinese economy has experienced a

spectacular growth, and more importantly the government managed to achieve these goals while retaining the authoritarian system that has liberalized around the margins but not in the core. Thus, Chinese foreign policy decision making remains highly centralized upon now and concentrated in the paramount leading bodies of the Chinese Communist Party - the Politburo Standing Committee.

Moreover, the president Xi Jinping, became more powerful in the policy-making apparatus and political hierarchy than his predecessors. He has removed institutional barriers by “locating” himself to the top of the Party; the State; and the Military. Thus, it could be concluded that Chinese foreign and security policy is totally controlled by the President and the CCP. However, what is more important for the research is one - party regime’s survival.

During the research it has become clear that economic success is an indispensable approach to one - party regime’s survival and source of domestic political authority in China. Indeed, an effective economic performance is the principal method for the ruling elite to sustain legitimacy of the regime.

Simultaneously, actively strengthening nationalistic sentiments and speculating on the idea of “China Dream”, Xi ensures domestic stability and cultivates support to the monopoly of power. Consequently, this domestic dynamic, together with the performance legality which is primarily dependent on economic development, justify strong and authoritarian leadership as the last avenue to maintain country’s sovereignty under anarchy.

Other important domestic dynamics that reflect Beijing’s relations with the rest of the world are neomercantilism and developmentalist logic of Chinese policy. China is practicing neomercantilist policies on an unprecedented scale, especially in the monetary and financial sectors. Following the logic of political economy, economic tools help to translate China’s economic influence into political power.

Additionally, the anarchic environment and relative capability of China determine the path of its foreign and security policy. More importantly, Chinese relative standing in the international system and relative capability are completely dependent on economic instruments. Thus, China’s strong economy fuels its political and military power; and economic growth correlates with its military spending. That’s why economic influence becomes increasingly pronounced when examine the capability of China to interact in global affairs. Additionally, neomercantilism and developmentalist logic shape the behavior of China. Following the logic of political economy, economic tools became the principal instruments to keep, maintain, heighten and strengthen both one party regime justification within the state and Chinese power in the international structure.

All these findings suggest that Chinese internal dynamics and developments supplement structural explanations thereby providing an important context for foreign and security policy decision making.

Thus, it could be stated that neoclassical realism is a more coherent approach to the analysis of Chinese foreign and security policy than traditional system-level or unit-level theories which are appreciated by international relation academics.

Before concluding, it is important to note the limits of neoclassical realism as a theoretical approach to foreign and security policy analysis. The most focal one is that domestic and international dynamics are not easy to identify. Another limitation is that the evaluation of the relative weight of internal and external determinants of foreign policy is problematic. However, despite of the limitations, the author believes that neoclassical realism will continue to develop as the main approach to study foreign policy. Therefore, the broadness and expansiveness of neoclassical realism may seem unwieldy as an instrument in the study of international relations.

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