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The Marine Corps' Radical Shift toward China

Mark F. Cancian

Last July, General Berger electrified the national security community with planning guidance that proposed to align the Marine Corps with the National Defense Strategy (NDS) by making major changes to forces, equipment, and training. Though dramatic in concept, the guidance lacked specifics. General Berger has now provided those specifics, and they are as radical as the concepts. Gone are tanks and capabilities for sustained ground combat and counterinsurgency. Instead, the corps focuses on long-range and precision strike for a maritime campaign in the Western Pacific against China. But this new Marine Corps faces major risks if the future is different from that envisioned or if the new concepts for operations in a hostile environment prove more difficult to implement than the Marine Corps' war games indicate.

Background

For many years, strategists have yearned to refocus the military services on the Pacific and China. China, with its growing economy, modernizing military, and evident desire to reassert regional hegemony, has loomed as the primary long-term challenge to the United States. The Obama administration talked about a “rebalance” to the Pacific but was unable to put many specifics against the concept before it was dragged back to Europe and the Middle East in 2014 with the Russian occupation of Crimea and ISIS's campaign in Syria and Iraq.

The Trump administration's NDS focused on great power competition with China or Russia, —but China seemed to have priority. In 2019, acting secretary of defense Patrick Shanahan stated that DOD's focus was “China, China, China.” To meet this new challenge, the NDS called for changes in military forces: “We cannot expect success fighting tomorrow's conflicts with yesterday's weapons or equipment.” The NDS also signaled that modernization was more important than the size of the force, implying a willingness to get smaller in order to build the capabilities needed for great power conflict. However, the NDS was vague on specifics about what changes were required, and many observers criticized the administration for not making sufficient changes in subsequent budgets.

General Berger's Guidance

General David Berger became commandant of the Marine Corps on July 11, 2019. He immediately published his Commandant's Planning Guidance, which

laid out his vision for where the Marine Corps needed to go. New service chiefs typically produce such documents, but most are exhortations to seek excellence in the services' traditional missions and to implement a few targeted reforms that the new chief desires to focus on. General Berger's vision was different in that it implied major changes in many areas.

This vision aligned with the NDS and focused exclusively on China. This was not surprising since General Berger had commanded Marine forces in the Western Pacific. The vision sought to meld the Marine Corps' traditional "force in readiness" role with that of readiness for great power conflict: "The Marine Corps will be trained and equipped as a naval expeditionary force-in-readiness and prepared to operate inside actively contested maritime spaces in support of fleet operations."

Central to Berger's vision is the ability to operate within an adversary's (read China's) bubble of air, missile, and naval power (which the Marine Corps calls the weapons engagement zone, or WEZ). The concept is that the Marine Corps will be a "stand-in force" that will operate within this WEZ, not a stand-off force that must start outside and fight its way in. As the guidance states: "Stand-in forces [are] optimized to operate in close and confined seas in defiance of adversary long-range precision 'stand-off capabilities.'"

This requires developing "low signature, affordable, and risk worthy platforms" because existing ships and aircraft are the opposite—highly capable but expensive, few, and highly visible.

Another element of the new concept is "distributed operations," the ability of relatively small groups to operate independently rather than as part of a large force, as in previous wars. "We recognize that we must distribute our forces ashore given the growth of adversary precision strike capabilities . . . and create the virtues of mass without the vulnerabilities of concentration. " Thus, small Marine forces would deploy around the islands of the first island chain and the South China Sea, each element having the ability to contest the surrounding air and naval space using anti-air and antiship missiles. Collectively, these forces would attrite Chinese forces, inhibit them from moving outward, and ultimately, as part of a joint campaign, squeeze them back to the Chinese homeland.

A third element was institutional: the Marine Corps would leave sustained ground combat to the Army and focus on the littorals. Ground wars in the Middle East, North Korea, and Europe would be Army responsibilities.

The final element was political: General Berger judged that defense budgets are likely to be flat for the foreseeable future. "My assumption is flat or declining [budgets], not rising. . . . If [an increase] happens, great, but this is all built based

Ground Forces

	Commandant's Planning Guidance	Current Structure	Proposed Structure	Analysis
Infantry	[No specific guidance]	24 active-duty infantry battalions	21 active-duty infantry battalions, each about 15 percent or about 125 marines smaller.	This cut appears to be a bill payer. The press release says that the battalions will be more "mobile" and reportedly "commando-like." That implies deleting some of the heavy weapons such as mortars and anti-tank missiles. Cutting infantry battalions also allows proportional cuts in supporting capabilities—aviation, logistics, fire support. The infantry has long been the heart of the Marine Corps, so this is a major institutional as well as force structure change. The three active-duty divisions would have 27 infantry battalions at full strength. The infantry battalions have been getting smaller over time, having totaled over 1,000 during the Vietnam War. This change will take them down to about 725.
Fire Support	"We remain woefully behind in the development of ground-based long-range precision-fires that can be fielded in the near term . . . [Artillery] has fixated on those capabilities with sufficient range and lethality to support infantry and ground maneuver. This singular focus is no longer appropriate or acceptable."	21 cannon batteries; 7 rocket batteries	5 cannon batteries; 21 missile/rocket batteries	The artillery community may be roughly the same size after the restructuring, but it will be dramatically different. Some of the new batteries will be HIMARS, which fire LR guided and unguided missiles at land targets. Some will be a new system that fires tactical Tomahawk anti-ship missiles. Because of their precise munitions, missile and rocket batteries can hit ground targets and ships at long range. However, they do not support the infantry with massed and area fires as cannon batteries do. This radical shift is a statement that the Marine Corps does not expect to face adversary armies on the ground but will instead fight maritime campaigns.
Tanks	"The Marine Corps is overinvested in . . . manned anti-armor ground and aviation platforms." "The U.S. Army needs tanks. The Marine Corps does not need tanks."	7 tank companies	0 tanks, no capability retained	This is probably the most significant change. Tanks have been part of the Marine Corps since the World War II and have fought in every conflict since then. As with changes to the artillery, it is a dramatic statement that the Marine Corps does not plan to participate in ground conflicts in the future as it did in, for example, Desert Storm or the 2003 invasion of Iraq.
Combat Logistics	"The Marine Corps is overinvested in capabilities and capacities purpose-built for traditional sustained operations ashore . . . including manned ground transportation."		The new war-fighting concepts would seem to require different logistical capabilities but none are announced.	Logistics is a work in progress. Report: "I do not believe our [study] efforts gave logistics sufficient attention. Resolving these two areas must be a priority for the [next] phase."
Bridge Companies	"The Marine Corps is overinvested in capabilities and capacities purpose-built for traditional sustained operations ashore . . . including manned ground transportation."	3 bridging companies (active and reserve)	0 bridging companies	Useful for ground combat maneuver but not on islands. No mention of reductions to truck units, but the guidance implies a long-term shift to unmanned vehicles.
Law Enforcement (Military Police) Units	"The Marine Corps is overinvested in capabilities and capacities purpose-built for traditional sustained operations ashore . . . including manned ground transportation."	3 battalions	0 bridging	These units are useful for counterinsurgency but would have little role in a Pacific maritime campaign. The fact that the Marine Corps retains no capability shows the focus on the Western Pacific scenario and an unwillingness to hedge.

on flat or declining [budgets]." Thus, unlike in the previous five years, when rising budgets allowed new investment and stable force levels, trade-offs would now be necessary. If the Marine Corps wanted to invest in new capabilities, it had to cut some existing units.

The Implementation

General Berger's guidance proposed new concepts and approaches but lacked specifics. At the time, he noted that the Marine Corps was conducting analysis and war games and would later lay out how it would implement the guidance. Details of that implementation are becoming clearer with a short press release, a major report in the Wall Street Journal, and, finally, a Marine Corps 13-page report, Force Design 2030.

Implementation will be a 10-year effort that makes the radical changes that the

guidance implied. The restructured Marine Corps will focus single-mindedly on a conflict with China in the Western Pacific, build capabilities for long-range and precision engagement in a maritime campaign, eliminate capabilities for counterinsurgency and ground combat against other armies, and get smaller to pay for the new equipment. The table below captures by element what the planning guidance said, what the Marine Corps has now, where it will move to, and what that means. (For a detailed discussion of current Marine Corps plans and structure, see CSIS U.S. Military Forces in FY 2020: Marine Corps . A few of the planning guidance items come from General Berger's December article in War on the Rocks.)

Aviation

	Commandant's Planning Guidance	Current Structure	Proposed Structure	Analysis
Rotary Wing—Tiltrotor	[No specific guidance]	17 squadrons	14 squadrons	These three squadrons were cut because they mainly support infantry, which is getting smaller. The reduction may create some stress on the remaining squadrons since MV-22s have been used so heavily. The Marine Corps has purchased all 360 MV-22 aircraft, so it is unclear where the cut aircraft will go, perhaps retained for the training base (which has used older models) and future attrition.
Rotary Wing—Light Attack	"The Marine Corps is overinvested in . . . manned anti-armor ground and aviation platforms."	7 squadrons	5 squadrons	The Marine Corps' light-attack helicopters (AH-1Zs) are most useful against enemy armor and infantry. Although the helicopters have enough range to participate in sea control, they lack a long-range stand-off weapon and would need to get close to their target. Because the Marine Corps just recently completed the buy of these aircraft, they will likely go into storage for later use. The reduced size and role for attack helicopters raises questions about whether the Marine Corps will participate in the Army's Future Attack Reconnaissance Aircraft program.
Rotary Wing—Heavy	"The Marine Corps is overinvested in . . . exquisite platforms with unsustainable manpower/personnel requirements; and Vehicles, aircraft, and systems that the service can neither afford to procure nor afford to sustain over their anticipated lifespans."	8 squadrons, currently aging CH-53Es	5 squadrons, implies a 1/3 cut to the replacement CH-53K program, which is just entering production	The stated reason is that with less heavy equipment and less infantry, the Marine Corps can cut the number of heavy lift helicopters. However, it is likely that General Berger considered the cost to maintain these large and expensive helicopters as unsustainable.
Fixed Wing—F-18, F-35	"It is unlikely that exquisite manned platforms represent a complete answer to our needs in future warfare." Report: "I am not convinced that we have a clear understanding yet of F-35 capacity requirements for the future force."	18 total squadrons; Planned acquisition 353 F-35Bs (STOVL version) and 67 F-35Cs (carrier version)	No change to number of squadrons, but number of F-35s per squadron reduced from 16 to 10. Because some squadrons were already planned for 10, total reduction would be about 45, with another 15 or so cut from training and maintenance overhead.	Cutting F-35s will be controversial because of the program's strong support in Congress, which has annually added aircraft to the budget. Nevertheless, the commandant's guidance clearly signaled such a move. The report points to a pilot shortage and the Marine Corps' inability to fix the shortage as a key reason for the reduction. The report's statement about "not having a clear understanding of requirements" indicates that further changes to the F-35 community are likely.
C-130 Cargo Aircraft	[no specific guidance]	3 squadrons	4 squadrons	This increase likely recognizes the challenge of supporting geographically widespread teams in distributed operations. Because C-130 aircraft can land in rough airfields, they can supply forces in austere, forward locations. The increase would therefore be for the cargo mission and not for the refueling mission since the number of Marine aircraft would decline.
Unmanned Aviation Systems	"We will prioritize short-term fielding of proven technology, and will significantly increase our efforts to mature unmanned capabilities in other domains."	3 squadrons unarmed ISR	Add three-armed UAV squadrons, but apparently waiting for USMC-developed UAV (called MUX) because of its ship board capabilities; not buying existing Reaper MQ-9s. The report indicates that existing MQ-21s will be divested. "We need to transition from our current UAS platforms to capabilities that can operate from ship, from shore, and be able to employ both collection and lethal payloads."	The Marine Corps has fallen far behind Air Force and Army in fielding armed UAVs as a result of its focus on manned aircraft such as the F-35. This change is long overdue but apparently delayed further by waiting for a developmental system. Armed UAVs in FY 2020, USMC: 3, AF: 284. Divesting the MQ-21s would be a dramatic step since the fleet is so young, the last system having arrived in 2019.
Air/Cruise Missile Defense, Counter Precision Guided Munitions	"[P]rioritize investments in modern, sophisticated air defense capabilities."	As with Army, MC deactivated most capabilities after the Cold War.	"directed energy, electronic warfare, loitering munitions"	Surprisingly, the announced plan does not include recreating ground-based anti-air/anti-cruise missile units as the Army is doing, given that the Marine Corps proposes to operate in deep inside adversary air and missile zones. Directed energy is still many years away from being a fielded capability. Unclear whether future phases will propose action here.

The Risks

Radical change brings risks, and this effort is no different. Risks arise from the lack of hedging, the movement away from current operations, and the uncertain viability of the new war-fighting concepts. If the Marine Corps has misjudged the future, it will fight the next conflict at a great disadvantage or, perhaps, be irrelevant.

No Hedging

When these proposed changes are fully implemented, the Marine Corps will be well structured to fight an island campaign in the Western Pacific against China.

Supporting Capabilities

	Commandant's Planning Guidance	Current Structure	Proposed Structure	Analysis
Reserve Structure	"The Marine Corps is overinvested in . . . surge-layer capacity resident within the reserve component."	The Marine Corps reserve mirrors the active-duty structure and thus has a full set of logistics units.	Two reserve infantry battalions cut (from 8 to 6). Artillery reorganized with the active-duty artillery and tanks deactivated. No other changes specified.	The guidance implies a cut to reserve logistics capabilities but does not appear to break with the custom of organizing the reserves as a minor linkage of the active-duty force, unlike the other services. Similarly, no use of the reserves as a hedge. However, future changes are likely. Report: "Those follow-on efforts include a comprehensive assessment of our Reserve Component. . . ."
Reserve Command and Control	"We will examine the merits of formalizing command relationships between Active and Reserve Component units."	In peacetime, all reserve units come under Marine Forces Reserve and transfer to active command on mobilization.	Unclear; possibly being considered in the future reserve "comprehensive assessment."	The Marine Corps has long been interested in aligning reserve units with active-duty units in peacetime. Such an approach was tried briefly in the 1980s but abandoned. It created two competing reporting chains, and in a time of conflict reserve units were sent where needed and not necessarily where aligned in peacetime.
War Reserve Material	"The Marine Corps is overinvested in . . . the current maritime prepositioning force [and] excess equipment maintained in administrative storage."	2 brigades of material afloat; 1 prepositioned site in Norway	Changes unclear but signaled	The maritime prepositioning force is useful for large operations because of its ability to rapidly deploy large amounts of equipment. It was used for Desert Storm and the invasion of Iraq. However, it would not have a place in a war-fighting concept of small forces conducting distributed operations. Reductions in stored equipment save money but make the Marine Corps vulnerable to attrition in a great power conflict that goes beyond a few weeks. The prospective reduction seems to conflict with the report's statement that "there is no avoiding attrition" since much of the Marine Corps' war reserve equipment is in these forces.

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Personnel

	Commandant's Planning Guidance	Current Structure	Proposed Structure	Analysis
End-Strength	"If provided the opportunity to secure additional modernization dollars in exchange for force structure, I am prepared to do so."	FY 2020: Active: 184,700 Reserve: 38,500	Active: ~170,000 Reserves: Unclear	Of all the services, the Marine Corps is the only one to come out of the wars larger than it went in. This cut will return it to approximately where it was in 2000. Guidance implies a smaller reserve force, but this is not stated explicitly. There is some inconsistency regarding end-strength as early statements cited 170,000 but the published plan stated a "cut of 12,000," which implies an end-strength of about 173,000.
Talent Management	"Talent management and talent retention efforts must be executed with precision." High standards, separation of non-performing Marines, longer assignments, flexible assignments, more parental leave		Not yet released	A large part of the commandant's guidance dealt with the training, selection, promotion, and career management of personnel. Nothing released on this so far. Expect some statement in the future.

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Although the NDS allows hedging against other adversaries and conflicts—North Korea, Iran, counterterrorism—the Marine Corps does not plan to do that. As General Berger stated in his guidance: “[This] single purpose-built future force will be applied against other challenges across the globe; however, we will not seek to hedge or balance our investments to account for those contingencies.”

The lack of hedging means that the Marine Corps will not field the broad set of capabilities it has in the past. It will be poorly structured to fight the kind of campaigns that it had to fight in Korea, Vietnam, and Iraq. The history of the last 70 years has been that the United States deters great power conflict and fights regional and stability conflicts. Although forces can adapt, as seen during the long counterinsurgency campaigns in the Middle East, there is a delay and an initial lack of expertise. The Marine Corps might plan to defer these conflicts to the Army, but that has not worked in the past. Army forces have been too small to keep the Marine Corps out of sustained ground combat.

Supporting Navy Capabilities

	Commandant's Planning Guidance	Current Structure	Proposed Structure	Analysis
Amphibious Ship Requirement	“We will no longer use a ‘2.0 MEB requirement’ . . . We will no longer reference the 38-ship requirement.”	Current goal for LT shipbuilding: 38 large amphibious ships; current inventory 33 , all large	No new target; awaiting results of the much-delayed Integrated Naval Force Structure Assessment (INFSA) . Report rejects “improved version of today’s 3-ship ARG/MEU.”	Extensive interest because of the implications for shipbuilding budgets and shipbuilding industrial base. The goal might potentially be for more ships but a mix of large and small.
Amphibious Ship Design	“The global options for amphibious include many more options than simply LHAs, LPDs, and LSDs.” “We must continue to seek the affordable and plentiful at the expense of the exquisite and few when conceiving of the future amphibious portion of the fleet.” The amphibious fleet must be diversified in composition and increased in capacity by developing smaller, specialized ships, as a complement to the existing family of large multipurpose ships.	No small amphibians currently in fleet today since last LST retired in 2002 ; Non-amphibians such as AKEs, ESBs, and EPFs sometimes act in an amphibious role by moving troops and participating in exercises.	General Berger recently called for a “ light amphibious ship ,” but its exact nature is unclear.	The Navy included \$30 million in its FY 2021 budget request to design such a ship and has briefed industry on its goals. However, the key question is whether such a ship appears in the INFSA. If it does, then such a ship might eventually be produced. If it does not, then it is a figment of the Marine Corps’ imagination. A light amphibious ship would open up the number of yards that could build amphibious ships beyond the existing set of yards that specialize in large, highly-capable but also highly expensive amphibious ships. The Marine Corps might push for procurement of more auxiliaries as complements to “L”-class amphibians.
Naval Integration	“[S]hift from traditional power projection . . . to enable sea control and denial operations.” “Our ground-based fires must be relevant to the fleet and joint force commanders, or they risk irrelevance . . . long range precision fires with no less than 350NM ranges – with greater ranges desired.”	No current capabilities facing seaward; all face landward	“Littoral regiments” created; details unclear	These new units harken back to a pre-World War II capability, Marine defense battalions , which were designed to protect forward bases from naval and air attack. They gradually transitioned during the war to solely air defense as allied sea dominance reduced the chances of Japanese naval attack.
Absorbing Navy Missions	“We must engage in a more robust discussion regarding naval expeditionary forces and capabilities not currently resident within the Marine Corps such as coastal / riverine forces, naval construction forces, and mine countermeasure forces. We must ask ourselves whether it is prudent to absorb some of those functions, forces, and capabilities to create a single naval expeditionary force.”		No steps announced.	Poaching on another service’s missions is always sensitive. The capabilities cited in the planning guidance have traditionally not received high priority in the Navy, and this may be General Berger’s way of saying to the Navy, if you do not pay attention to these missions, I will step in.

Marine Corps officials have argued privately that other kinds of conflicts would be lesser included capabilities of this focus on high-end conflict in the Western Pacific. This is misplaced. History is littered with examples of militaries that prepared for one kind of conflict and then had to fight a very different kind of

conflict. In the best circumstances, militaries adapt at the cost of time and blood. In the worst circumstances, the result is catastrophic failure.

For example, in the 1950s and early-1960s the U.S. Army focused on great power conflict in Europe against the Soviet Union and the Warsaw Pact. That Army then had to fight a counterinsurgency conflict in Southeast Asia. As Andrew Krepinevich argued, the Army was “a superb instrument for combating the field armies of its adversaries in conventional wars but an inefficient and ineffective force for defeating insurgent guerrilla forces.”

The Army and Navy use their reserve components to hedge against unexpected demands. Thus, their reserve components do not look like the active component but are imbalanced. For example, most of the Army’s medical, transportation, engineering, civil affairs, and psychological operations units are in the reserve component.

The new Marine Corps structure might have kept some tanks, towed artillery, bridging units, military police, or logistics in the reserves as a hedge against a future war involving ground combat against a national army or a counterinsurgency campaign. However, the plan does not include such hedges.

Moving Away from Current Operations

Unacknowledged in this new Marine Corps approach, as it is across the entire department, is the tension between preparing for a conflict against a great power adversary and the need to maintain day-to-day commitments for ongoing conflicts, allied and partner engagement, and crisis response. The Trump administration, like the Obama administration before it, has chosen capability overcapacity in its strategy documents. However, the press of operational demands has been unrelenting despite the DOD’s intention to prioritize and cut back on them. This has pushed the other services—especially the Navy and Air Force—toward a high-low mix in order to cover both: advanced, and often very expensive, technologies for great power conflict and less expensive elements in relatively large numbers for less demanding threats. The Marine Corps has opted not to do this. Its smaller size will put stress on the remaining forces if deployments continue at the current level.

The Uncertain Viability of New War-fighting Concepts

The final risk is whether this new war-fighting concept of distributed operations within the adversary’s weapons engagement zone will work. The Marine Corps has sensibly conducted a lot of war-gaming and satisfied itself that the concept will succeed. However, as Marines note, the enemy gets a vote. Maintaining small and vulnerable units deep inside an adversary’s weapons engagement zone will be challenging. Even small units need a continuous resupply with fuel and

munitions. If that is not possible, or if the Chinese figure out a way to hunt these units down, the concept collapses.

A Process, Not a Destination

The Force Design 2030 report emphasizes that this restructuring is not fixed and unalterable but a process where the destination is open to modification and revision. Thus, there will be a “phase III” after additional analysis and experimentation. Further changes will unfold and gaps in the current plan—for logistics, the reserves, and amphibious ships, for example—will be filled. This on-going process will also provide opportunities to reduce risk, and the Marine Corps should take advantage of that.

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The Coronavirus: A Geopolitical Earthquake

Javi López

The covid-19 crisis is holding up a mirror to Western countries – making us realise that the perception we have of ourselves might be distorted.

2020 is shaping up to be one of the most difficult years since the end of the second world war. As unexpected as it is disruptive, the global pandemic has huge social, economic, and political consequences. Today, states are fighting a threat that is growing exponentially and puts most of their citizens at risk. This is a global war against an invisible enemy.

The coronavirus crisis will undoubtedly be a defining moment in contemporary history. We will have to change our way of living as we knew it for a considerable time. We will close factories, ground planes, and empty office skyscrapers, while closing borders and enduring long waits in supermarkets, overcrowded hospitals, and many online meetings. We will suffer a significant loss of life, while social customs such as hugging or shaking hands will temporarily disappear from our habits. There is no doubt that we will eventually overcome this crisis, but its effects could be as relevant as those of a concentrated blend of 9/11, the Great Recession, and the Ebola epidemic. After we return to some form of normality, many geopolitical divisions will have grown and we will all be left with a deep sense of vertigo.

The covid-19 crisis is holding up a mirror to Western countries – making us realise that the perception we have of ourselves might be distorted. The crisis will be a huge test: our effectiveness in managing it could alternately accelerate or slow the de-Westernisation of the world. In any case, it will challenge globalisation and rearrange the world order.

Europe, currently the epicentre of the pandemic, is addressing the crisis in a state of fragility. Its usual divisions are more evident than ever and its relatively old population is at particularly high risk from covid-19. However, one should never underestimate the old continent. Europe has the tools to reaffirm and reposition itself in the world in the face of this crisis. Our states are powerful public policy machines; we have the best universal healthcare systems on the planet; and we have built the greatest framework of supranational action the world has ever known: the European Union. A global pandemic requires a capacity for resistance, coordination, and public action – all areas in which we have proven skills.

The old nation states of the continent are waking up, slowly but ruthlessly launching huge fiscal stimulus packages. For its part, the European Central Bank, after a shaky and eventful start, has decided to fulfil its role by implementing a comprehensive asset-purchase plan that will safeguard public debt and provide liquidity. Now, there is a pressing need for a stimulus at the community level and real European fiscal instruments. We risk becoming caught up in ordoliberal obsessions that will bring to light, once again, the deficiencies in the institutional design of the single currency. In this, let's hope that we can apply the lessons of the long and painful recession that followed the 2008 financial crisis.

Europe, currently the epicentre of the pandemic, is addressing the crisis in a state of fragility

Transatlantic relations have also suffered a new blow in the crisis. With President Donald Trump in denial about the seriousness of the crisis until recently, and his unilateral ban on commercial flights with the EU, the United States has once more revealed its aggressive isolationism. And we must watch closely as events unfold within the superpower: the US lacks a universal healthcare system, has a highly volatile labour market, and is run by an administration that displays deep incompetence seasoned with a persistent contempt for scientists and other experts. And all this is occurring in an election year. Nonetheless, the US does have an invaluable asset: the proactive attitude of the Federal Reserve and the dollar's global strength. We will see.

China, however, seems intent on embodying some of the values with which the West has historically identified itself: solidarity and cooperation. China's decision to send medical staff and equipment to Europe to fight the coronavirus was not only an act of solidarity, but a geopolitical exercise: the country has extended a helping hand to a West that is facing serious problems. This is not mere altruism; it is a demonstration of China's will to play the role of ascending hegemon and capitalise on the growing void left by the US.

The Asian powerhouse is determined to gain new centrality in a global system traditionally organised around the Atlantic alliance. This presents a huge challenge to the global order, as the Chinese model is in tension with our democratic vision of governance. Yet the crisis could open the door to a new relationship between Europe and China. Wouldn't this demonstrate the strategic autonomy demanded from the EU?

At the same time, globalisation is under strain and whatever comes next will almost certainly adjust the global market-orientated rationale that we've seen to date. This crisis will redraw the borders between the state and the market in democracies, probably pushing us towards a certain level of industrial relocation

to protect supply and production lines, and emphasising national initiatives to the detriment of international coordination. But could it conversely push us towards greater governance through international institutions, in the face of the obvious risks to humanity as a whole?

The coronavirus has put us on the ropes. However, we must continue advocating for a rules-based, open, and connected world, while preserving multilateralism, pursuing truly supportive and responsible globalisation, and establishing control and compensation mechanisms that create a joint response to emergencies. The way in which we escape this crisis will largely determine our ability to face the next one.

Source: European Council on Foreign Relations (ECFR) (United Kingdom)

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“Brave Enough to Tolerate Failure” : China Realigns Research Incentives in Pursuit of Technological Supremacy

Lauren Dudley

China has worked aggressively in recent years to upgrade its domestic innovation system as technology plays an increasingly significant role in great power competition. These measures, including a range of industrial policies to develop industries like artificial intelligence (AI), biotechnology, high-end manufacturing, new-energy vehicles, and 5G, seek to establish China as the global technological superpower by 2049. But while China is beginning to lead in some of these industries, misguided research incentives in China’s innovation ecosystem have limited its innovation potential to date. Quantity crowds out quality.

The Chinese innovation ecosystem suffers from its quantity-based evaluation system, which informs how research grants, promotions, bonuses, and other professional awards are distributed. Researchers are judged on the quantity of papers they publish, SCI credits and impact factors (which measure the impact of scientific work based on the number of citations) they receive, and patents they’re awarded. These are imperfect measures of creativity and originality, and the focus on output consequently discourages researchers from taking on risky projects that are more likely to lead to significant technological breakthroughs.

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Chinese patent application data clearly represents this phenomenon. Because China’s evaluation system rewards researchers who have the most patents, researchers are incentivized to submit patent applications for slightly modified versions of existing technologies or processes, known in China as utility patents. These modifications often only reflect small changes in the product but take less time, have a faster patent application processing time, and are more likely to receive a patent than more innovative—and time-consuming—research projects. Domestic patent data for basic electric elements, processes that involve a single technical step like drying or coating, reflects this. In 2018, 79 percent of scientists who applied for a utility patent in basic electric elements received a patent. On the other hand, only 30 percent of applicants received invention patents in the same category.

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Quantity-over-quality research incentives also explains why China lacks strong results in basic research—the pursuit of discoveries that radically change our understanding of existing scientific concepts—despite the Chinese government’s recognition that basic research has “become central to international competition, opened new fields, and led to many new innovations.” Researchers who must “publish or perish” are unlikely to take on high risk, high reward basic research projects. As a result, only 5 percent of China’s R&D funds are spent on basic research.

The Chinese Ministry of Science and Technology (MOST) and Ministry of Education (MOE) have found that in part as a result of these incentives in China’s research system, there is a lower level of innovation in China than in other countries. This presents a major problem for China as it seeks technological supremacy in strategic industries. In response, the MOST, MOE, and other science-related Chinese government offices have released a series of policies in the past two months to realign research incentives and improve China’s innovation ecosystem.

In February, the Chinese government published a plan to begin a one-year trial to improve the science and technology research evaluation system. This policy aims to shift the emphasis away from the quantity of researchers’ achievements and reorient it towards the quality, contribution, and impact of their findings. It will also reward researchers who contribute to China’s strategic goals. While the policy’s language is broad and its proposed system unclear, it states that evaluation systems should be adjusted so that projects with “important applications” gain 10 percent relative to other projects, projects with “strong academic impact” gain 30 percent, and projects that “make important contributions to China’s economic and social development or national security” gain 50 percent. And if universities do not reverse their “tendency to focus on essays, job titles, academic qualifications, and awards when evaluating people and teams,” the Chinese government threatens to suspend their access to national science and technology project funds.

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Authorities also laid out similar changes to the patent evaluation system.

Noting the tendency of Chinese researchers to submit many patent applications for insignificant changes to existing technologies or processes, the Chinese government has instructed universities to continually evaluate projects throughout their lifecycle so that their results are oriented towards “outstanding transformations and changing capabilities.”

Finally, for researchers to achieve these “outstanding” results, the Chinese government has called on universities to better encourage basic research. A work plan released by a group of Chinese government departments calls on universities to increase their support of scientists that “have the courage to challenge the most cutting-edge scientific problems [and] come up with their own unique innovations.” Beyond promoting basic research, the policy also calls on universities to “encourage free exploration, give researchers more academic autonomy,” and create a research environment that is “brave enough to tolerate failure.” With this mantra in mind, the Chinese government will expand financial support for research in basic disciplines such as mathematics and physics and strategic technologies including AI and smart manufacturing.

In effect, the Chinese government is realigning incentives so that more researchers will contribute to China’s plan to “develop core technologies, meet national strategic needs, and form first-mover advantage in emerging industries.” If implemented as planned, China will be a step closer to becoming the global leader in emerging technologies, posing a significant challenge to the United States’ continued commercial success and national security.

Source: Council on Foreign Relations (CFR) (United States)

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Huawei and the Third Offset

Guest Blogger

Although concern over Huawei's implications for national security remains high, current U.S. strategies against Huawei have largely been framed as a counter to Chinese spying and focused on retrospective actions, such as lobbying allies against adopting Huawei's 5G kit (when those allies' mobile networks are already dependent on Huawei infrastructure), and using the Department of Justice (DOJ) to hold Huawei accountable for intellectual property theft and sanction violations. Unnoted by many, however, is that Huawei's actions are part of the military competition between Beijing and Washington, a cycle of technology offsets and counter offsets to offsets.

Huawei's global dominance in 5G infrastructure is no mistake, rather it is an attempt by China to project power over significant swathes of the global information sphere. China is pursuing an information age "manifest destiny," bridling the global conversation under its influence. Efforts to convince allies to avoid Huawei equipment have been met with resistance, and the latest in a series of setbacks came with the UK's recent decision to use the company's equipment with added security mitigations. This may seem like a reasonable compromise but, in reality, mitigation is impossible against risks posed by an adversary supplying critical network equipment, and there is little doubt that Huawei is beholden to the Chinese government in this regard. So, while countries have argued over the details of these ultimately useless mitigations, China has achieved a strategic coup.

The world-wide deployment of Huawei infrastructure gives China significant cyber capabilities and advances what former Deputy Secretary of Defense Robert Work recently articulated as China's offset strategy. As Work and his former special assistant Greg Grant wrote in their recent report for the Center for a New American Security, China "appears increasingly close to achieving technological parity with U.S. operational systems and has a plan to achieve technological superiority."

Offset strategies are intended to counterbalance an adversary's military advantages by developing asymmetric technological strengths. While in his role at the U.S. Department of Defense (DOD), in 2015 Work developed the "Third Offset" strategy to foster innovation to counter China's offset. China, for example, developed ballistic missiles, space, and cyber capabilities to deal with

U.S. carrier groups, and now the United States is responding with its own cyber capabilities, UAVs, and application of AI and ML to weapons platforms.

Moreover, the Third Offset strategy acknowledges that technological innovation has moved to the global and commercial domain. The strategy seeks to embrace this shift by incorporating cutting edge technology, such as A.I., into U.S. military operations in real-time by selectively funding areas of innovation and, more importantly, integration. The Third Offset envisions shifting focus from in-house innovation to the integration of technology into military operations. This requires improving supply chains, testing mechanisms, and field adaptation processes. This is especially crucial for cyber operations because if you don't have a pipeline to buy and use new software and zero-days from industry, you don't have a cyber capability. Moreover, it is important that those overseeing this strategy possess an intimate knowledge of available commercial technology to successfully leverage it for military purposes.

While mounting a successful Third Offset strategy faces many challenges and requires a concerted effort (and dedicated funding), it is more necessary than ever to rejuvenate this initiative, especially with regard to cyber capabilities. Unfortunately, in recent years the United States has deprioritized the Third Offset.

A re-energized Third Offset, especially with regard to the cyber domain, would put even greater focus on smaller companies, faster turnaround times, and increasing comfort with risk and failure. Small companies are frequently the epicenters of innovation in computer security yet are disincentivized to work with the DOD because of the numerous hoops through which they must jump.

Cyber Fast Track (CFT), the innovative DARPA project undertaken by Peiter "Mudge" Zatko is an example for how the DOD might strip away the red tape and diversify their supply chain. As DARPA described their motivation, "The government needs agile cyber projects that are smaller in effort, have a potential for large payoff, and result in a rapid turnaround, creating a greater cost to the adversary to counter." Cyber Fast Track funded smaller non-traditional performers in shorter increments by eliminating many of the hurdles these companies and individuals would typically face working with the DOD. The CIA-funded venture capital firm In-Q-Tel, which has backed companies like the threat intelligence firm Recorded Future, and Fire Eye provides another model that the DOD might follow. Not only has In-Q-Tel invested in many successful technology startups, but they've helped the CIA develop fruitful relationships within the tech industry that advance their mission. Current DOD efforts at fostering investment, like the Trusted Capital Marketplace (TCM), are positive signs, however the TCM, as it stands, may be too narrowly focused and

weighed down by existing defense industry bureaucracy, as argued here. Another promising example, the DOD's Defense Innovation Unit (DIU), formed under then-Secretary of Defense Ash Carter and based in Silicon Valley, is designed to identify and invest in promising commercial technology that can be integrated into defense operations. In order for the DIU to succeed, it needs to increase its comfort with taking on potentially risky ventures.

Creating an asymmetrical advantage inherently requires novel approaches, a difficult task for large bureaucracies like the DOD, which is why it is imperative to prioritize this now. The Third Offset is no panacea, nor will it directly stop Huawei, but it could ameliorate some of the advantage gained by China from its 5G successes. This should complement other forward-looking strategies addressing the threat posed by Huawei, such as promoting the research and development of 5G and future generations of mobile infrastructure. Focusing solely on short-term efforts to prevent China's long-term plans is a Sisyphean exercise that will only advantage the adversary.

Source: Council on Foreign Relations (CFR) (United States)

www.cfr.org

Mapping China's Health Silk Road

Kirk Lancaster, Michael Rubin, and Mira Rapp-Hooper

On March 16, while Italy was in the throes of its coronavirus outbreak, Chinese President Xi Jinping held a phone conversation with Italian Prime Minister Giuseppe Conte. In addition to promising the delivery of medical teams and much-needed supplies, Xi raised the notion of working with Italy to build a “Health Silk Road” (健康丝绸之路). Since then, China has doubled down on its efforts to recast itself as a responsible global health leader, launching a widespread public diplomacy campaign and sending medical aid worldwide. But it has also continued to use the “Health Silk Road” moniker, suggesting that it may take on new importance. The Health Silk Road, a rhetorical extension of China’s Belt and Road Initiative (BRI), is not an entirely novel concept, but it has been unearthed in ways that may be advantageous to China in this moment of crisis.

It is no secret that China is making a push for global health leadership during the coronavirus pandemic. The Chinese government is providing medical aid and consultation on a bilateral basis, often delivered directly by local Chinese embassies such as those in Malaysia, the Philippines, and Greece. In other cases medical supplies have been provided by companies engaging in BRI projects abroad, such as Huawei or China Communications Construction Company. The Jack Ma and Alibaba Foundations have delivered relief packages to dozens of countries ranging from Uganda and Ukraine to the United States. China has also lent economic support to some afflicted countries, including a \$500 million dollar concessionary loan to Sri Lanka. Moreover, China has played a coordinating role in multilateral forums to champion China’s international response to COVID-19. Xi Jinping gave a speech at a virtual meeting of G20 leaders, and Chinese representatives have engaged with ASEAN, the Shanghai Cooperation Organization, the European “17+1” mechanism, and the African Union touting Chinese leadership. These activities mirror broader Chinese Communist Party (CCP) crisis narratives: Xi Jinping has praised China as an exemplar in medical sciences and highlighted the need to promote a “community of common destiny for mankind”—the conceptual shorthand for China’s long-term strategic vision—in order to strengthen international epidemic prevention efforts. A People’s Daily column under the highly authoritative pen name Ren Zhongping also invoked the “community of common destiny” in the COVID-19 context, describing China’s international cooperation efforts as demonstrative of

its benevolent behavior.

Alongside these efforts, China's leadership has resurrected a lesser-known moniker in the "Health Silk Road." Xi's phone call with Conte was the first high-level reference to the term in the midst of the COVID-19 pandemic, which appears to be a rhetorical extension of the BRI into the global health sector (much like China's Digital Silk Road in the technology sector). The Health Silk Road term was repeated by other officials and media outlets in the following days: a Ministry of Foreign Affairs spokesperson, for instance, called "on the international community ... to build a Health Silk Road" in an effort to "strengthen global public health governance." Like the BRI itself, the Health Silk Road is not a well-defined term, and it is not clear which of China's activities fall under the banner. According to state media, the Health Silk Road includes mutual medical aid between China and Italy to "battle the COVID-19 pneumonia together", as well as any activity that might support China's vision of "a new approach for perfecting global public health governance." This could certainly be expanded to include China's activities with other countries.

Although it has been resurrected for the coronavirus crisis, the Health Silk Road is hardly a new concept. Xi first used the term during a visit to Geneva in January 2017, where he signed a memorandum of understanding with the World Health Organization (WHO) committing to the construction of a "Health Silk Road" that would aim to improve public health in countries along China's Belt and Road. In August 2017, the Chinese government hosted a seminar in Beijing titled the "Belt and Road Forum on Health Cooperation: Toward a Health Silk Road," where WHO Director General Dr. Tedros Adhanom Ghebreyesus praised Xi's "visionary" proposal for utilizing the Belt and Road network to strengthen cooperation in the health sector. Tedros ended his speech by endorsing China's recommendation that "the health leaders of 60 countries gathered here, and public health partners, build a healthy Silk Road, together."

The CCP may be dusting off the Health Silk Road concept to take advantage of this moment of global upheaval. First and foremost, the Health Silk Road narrative serves a domestic role in legitimizing the rule of the CCP. Beijing's highly conspicuous displays of aid to other countries signal to the Chinese people that the state is responding to the pandemic in a responsible way. Health Silk Road activities might also serve to mitigate concern within China as the place of origin of the novel coronavirus, using redemptive displays of aid and support to compensate for harm done.

Second, the Health Silk Road presents a framework through which Beijing may choose to revamp BRI, which it will likely do out of necessity due to COVID-induced shocks to the Chinese and BRI host economies. As China

halted international travel, quarantined cities, and imposed lockdowns across the country in response to the epidemic, it compromised the labor and supply lines that BRI projects rely on. As China restarts its economy, which was already slowing, it may not be able to commit the same level resources to new BRI projects, which receive massive government subsidies. Moreover, BRI participant countries will soon be facing economic crises of their own, and more BRI projects will be expected to stall as many less-developed countries are economically ravaged by the crisis, rendering them unable to service their debts. BRI remains enshrined in the CCP constitution and continues to be a signature foreign policy of Xi Jinping—yet it is so vaguely defined that Xi can renovate it opportunistically. The Health Silk Road may be a convenient new banner for a signature foreign policy that China will simply not abandon even under significant strain.

The Health Silk Road could also be an opportunity to rebrand pre-existing aspects of BRI as more germane to the COVID-19 crisis. One could envision certain elements of the Health Silk Road being linked up to China's Digital Silk Road, for example. If Beijing seeks to keep some high-profile aspects of BRI up and running, the Digital Silk Road's relatively low price tag will make it a more attractive option compared to other more capital intensive traditional infrastructure options. The Health Silk Road could be merged with the Digital Silk Road for the sake of health monitoring. Digital tools to monitor contact tracing and quarantine enforcement have been deployed around the world to combat COVID-19, from Singapore and South Korea to Israel and India. China, for its part, has required some citizens to download an app that shares health, location, and travel data with local authorities. Healthcare codes are accessed through Alipay and WeChat, and Ant Financial and Tencent have partnered with and provided support to local governments to roll out the systems across the country. Beijing looks likely to rely on the Alipay standard as it rolls out a national model. With a long track record of Chinese companies sending digital surveillance technologies to BRI countries, it would not be surprising to see Beijing export its digital tools to other countries that seek to monitor quarantines and sort populations in an effort to safely restart local economies.

Lastly, the Health Silk Road might allow China to redeem its national reputation on the international stage, in particular by contrasting it with the maladroit responses of the United States and other European nations. Given China's global aspirations, efforts to present itself as a global health leader should come as no surprise. It is still too early to tell the extent to which China's global health sprint will transform its international profile—and there is reason to be skeptical that it will be revolutionary. But the United States has not done itself any favors

with its own pandemic response, and its relative absence from early global health leadership has left China plenty of room to maneuver. The world's road to pandemic recovery will be long and winding, but if China has its way it will run through Beijing.

Source: Council on Foreign Relations (CFR) (United States)

www.cfr.org

China and the future of global health governance

Gerald Bloom

The Covid-19 pandemic is the latest – though most significant – in a series of disease outbreaks and we can expect others in the future. Rapid changes in the global economy, major population movements, environmental exposure to health risks and climate-related shocks are likely to require major public health responses in the coming years. The inadequate global coordination and leadership in the response to Covid-19, as manifested in the lack of an agreed standard diagnostic test and the competition for necessary supplies, has highlighted the need for new approaches to health governance.

Despite widespread agreement in the early years of this century on the international health regulations and the importance of surveillance and preparedness for possible outbreaks, the delayed and/or weak initial response to Covid-19 by many countries has revealed a wide gap between the language of these legal agreements and the mechanisms in place to put them into practice. There is also a gap between the expectations placed on international agencies and the resources and powers they have been given.

Three alternative directions for the future

This suggests a need for major changes in the management of future threats at national and international levels. I can see three alternative directions for global health governance:

- continuing the current situation with substantial national autonomy and ad hoc arrangements for bilateral and multi-lateral cooperation;
- creating barriers between countries and regions and a reliance on parallel arrangements for global health security between blocs; or
- strengthening global governance arrangements that include China and other countries as equal partners.

The recent action of the United States in suspending its financial support for the WHO suggests a discontent with the first option and a tendency towards the second. It is difficult to envisage how either of the first two options would provide adequate protection. That means that some form of global cooperation will be necessary. The challenge is that there is no blueprint for how to manage a change towards this goal, which must involve the active participation of China.

China's global role is clear

The Covid-19 pandemic has made the significance of China's integration into the global economy clear. A virus that emerged in that country has rapidly spread around the world. China's actions in the pandemic response are having global significance and this will become increasingly apparent in the rush to develop and disseminate new diagnostic technologies, anti-Covid drugs and vaccines, and in the response to the associated economic crisis.

China's global footprint is growing rapidly. It is now a major source of development finance. Its companies occupy key positions in global value chains. In several sectors, including telecommunications, its companies have become global leaders in the application of cutting-edge technologies. And China's geopolitical stance has become increasingly assertive. China is increasingly perceived as a global competitor in all these terrains. How can cooperation on health be achieved in this context?

Better collaboration with China is needed

The transition from the global health governance arrangements that were built after the second world war in the period of the cold war and decolonisation is not proving easy. One major challenge has been the need to create new kinds of collaboration with China. It will be important for other countries to acknowledge conflicts of interest and negotiate effectively when this is the case, but, in areas of mutual interest and global public good, mechanisms will be needed for the governments of China and other countries to work together in major initiatives.

These governmental mechanisms should be complemented by long-term collaboration in areas of technical expertise in health and related scientific research and development of innovative technologies. These measures would help build mutual understanding on the technical issues involved and establish mechanisms for more effective cooperation.

At the same time, there is a need to redefine the roles and responsibilities of the WHO and agree a new approach for financing its activities. Over time, it will be necessary to reach new agreements on the responsibilities of governments to the global community and on mechanisms to monitor compliance.

Major global challenges require global cooperation

The emergence of a new global power inevitably disrupts established ways of doing global governance. This is taking place in a period of rapid change that is presenting major challenges that require global cooperation. The challenge for China, other global actors and multilateral organisations is to find ways to incorporate new approaches to global collaboration, while maintaining the

stability of existing governance arrangements for global health.

This will require a willingness on all sides to learn from each other and invest the effort needed to build governance arrangements appropriate for the coming decades. This is not only important as a means of ensuring global public health, but also as a demonstration of how governance arrangements can be adapted to the needs of a pluralistic global order in a context of rapid change. This is the challenge the new emerging global community faces as it struggles to build a cooperative approach for addressing the challenge of Covid-19.

Source: Institute of Development Studies (IDS) (United Kingdom)

www.ids.ac.uk

Russia and China, a rocky affair

Yu Jie, Mathieu Boulègue

In recent years Russia and China have raised their cooperation to unprecedented levels. Russia dates the turning point in their relationship to 2014 when, the Kremlin argues, it was forced by the West into a ‘pivot’ towards Asia. In reality, the change was self-inflicted. It was Russia’s illegal annexation of Crimea and the subsequent war in Eastern Ukraine that froze relations with the West.

If the turning point is contested, the nature of the relationship between Russia and China is even more fraught with misconceptions.

Western commentators and decision-makers often argue that Moscow and Beijing are forming, if they have not already formed, a ‘strategic alliance’ aimed at destabilizing the liberal, rules-based world order.

This misses key dynamics and issues that drive – but also undermine – the bilateral relationship.

It is correct, however, to assume that Russia and China see world affairs in a similar light, not least in their antipathy to liberal values. Deepened bilateral cooperation allows the two countries to demonstrate great power status on the world stage, either to counterbalance the dominance of the United States or to further their own geopolitical aims.

Nevertheless, this transactional approach does not make it a ‘strategic’ alliance. At best, Russia and China are locked in a short to medium-term asymmetric interdependence in which Moscow needs Beijing more than Beijing needs Moscow.

Their strategic goals do not align in the longer term. While Russia is a disruptor that seeks to undermine a world order that has not worked in the Kremlin’s favour, China continues to work within the system to change the rules to its advantage.

Both have different approaches to achieving their goals. While Russia does not hesitate to employ military force as a tool of foreign policy, China prioritizes soft power.

As this asymmetry of power is growing between Moscow and Beijing, it is worth looking in detail at the factors that unite and divide the two countries.

Frustration in Moscow

For Russia, there is an increasing risk that its status as ‘junior partner’ will lead to it being economically subjugated by Beijing.

The bilateral trade balance is already very much in Beijing’s favour. The relationship is less about what Russia needs from China, but more about what China wants from Russia, namely energy supplies, raw materials and an opening for its Belt and Road Initiative projects in Central Asia, Russia’s perceived sphere of influence. As such, it is hard to see how bilateral relations can remain ‘win-win’ – as Beijing puts it – forever.

Moscow is pragmatic, but frustration is mounting. China’s gradual penetration of the defence and security sectors in Central Asia is worrying the Kremlin. For the past few years, Beijing has been increasing its footprint in the region by holding joint military exercises with Tajikistan, carrying out border control missions and patrols with Kyrgyzstan and Tajikistan, and helping states with security sector reform, training and equipment.

Stealing military technology

The implicit post-Cold War ‘burden-sharing’ in Central Asia between Beijing and Moscow is now being called into question by the economic disparity between the two sides. Traditionally, Russia has been the sole military presence in Central Asia while China does the economic heavy lifting. As China exerts increased economic influence its security presence in the region will inevitably increase, a move that will not be welcomed by Moscow.

Russia is also worried about China stealing its military technology. The arms trade between the two is thriving. According to the Stockholm International Peace Research Institute, Russia accounted for 70 per cent of Chinese arms imports between 2014 and 2018. Yet in December 2019, Ros- tec, the Russian defence state corporation, accused China of 500 cases of illegally copying such things as aircraft engines, the Suk- hoi Su-33 carrier jet and components for air-defense systems over the past 17 years.

There is also growing distrust in Russia over the inroads made by China in the Arctic. Beijing now defines itself a ‘near Arctic state’, claiming a legitimate interest in the region through the Polar Silk Road which, with a warming climate, could provide an alternative sea route to Europe in years to come.

While China has not yet antagonized the Kremlin over the Arctic, the two countries differ in how they perceive the region. For China the Arctic is a ‘global commons’, while for Russia it is a matter of national security. In practice this means that China favours freedom of navigation along Russia’s Northern Sea Route, while Moscow claims extensive rights over waters within its exclusive economic zone.

None of this has prevented cooperation between the two in energy projects or joint exploitation along the Northern Sea Route and in Siberia. China is a major partner in Russia's Yamal liquefied natural gas project and Gazprom's Power of Siberia natural gas pipeline from Yakutia to China.

Sinophobia

The presence of Chinese workers in Russia's sparsely populated Far Eastern regions has been another cause for concern. State propaganda has played on fears of a 'Chinese invasion' in the Far East. While there is no evidence for this, either in local investment levels or actual numbers of Chinese immigrants, it is possible that the Kremlin is using Sinophobia to create a counterbalance to China's endlessly repeated 'win-win' slogan.

A final source of discord is the growing divergence between the Russian-led Eurasian Economic Union and Beijing's Belt and Road Initiative. Proposals to create 'linkages' between the two projects – such as President Putin's plan to form a 'great Eurasian partnership' – have fallen through.

Despite the positive spin put on their new partnership, Russia's importance to China remains its energy sector, while the value of this sector in the long run remains unknown, especially as China is going through an economic transition to develop less energy-intensive industries.

Synergies between the two countries tend to be exaggerated. They may share a border but their economic centres – European Russia and China's coastal provinces – are far from it. Economic interdependency is low, with each more dependent on third parties – Russia on the European Union, and China on other Asian countries and the United States.

Their economic development models are hardly complimentary. Chinese investment is not helping Russia's much-needed economic modernization, nor can Russia provide China with any impetus to drive its economic rebalancing. Chinese foreign direct investment into Russia has been concentrated in the energy sector rather than high-tech manufacturing, utilities, construction or financial services – sectors with better opportunities for technology transfer and productivity gains.

Both Beijing and Moscow want a greater global influence, but have different strategies to achieve it. Even if both China and Russia remain dissatisfied with the post- 1989 global order, realpolitik occupies different places in Beijing and Moscow.

For Russia, economics matters but it is subordinated to geopolitics. In China, geopolitical and geoeconomic considerations go hand-in-hand. It has set itself

a more ambitious target to become a leading force in global governance to establish the future rules of international affairs.

China's rightful place

China was probably the biggest beneficiary of the first wave of globalization up until the Global Financial Crisis of 2007-2008. Its geopolitical, military and technological rise started primarily because of its economic ascendancy.

Economic development is the foundation of the ruling Communist Party's legitimacy. From 1979, relatively smooth relations with the West have been an essential part of China's rise, persuading generations of leaders that it is not in China's interest to challenge, far less overturn, the existing international order.

China's sheer economic size and self-perception have inevitably led it to expect that the rules of international politics will bend towards its interests, even without President Xi Jinping in power.

Deng Xiaoping's approach – to 'keep a low profile' and 'hide capability' – is being replaced by Xi's more proactive agenda that seeks to promote China's core interests more forcefully while asserting its 'rightful' place in the global order.

China is a revisionist power, but it carefully chooses which elements of post-Second World War international system it wishes to change. How useful a partner is to China's economic development determines its significance to Beijing. Politically, Russia today might have the highest-ranked partnership with Beijing, a relationship that Moscow defines as a 'comprehensive strategic partnership'. Yet, the reality is that it has very little it can contribute to China's economic rebalancing.

After the honeymoon

Overall, the Beijing-Moscow axis has broadened in significant ways. Yet this widening of contacts has not necessarily led to a strategic deepening of the partnership. Russia and China are unlikely to forge a substantive strategic partnership in the near future.

While Russia is militarily assertive, China favours a peaceful external environment that allows for smooth trade routes and a thriving economy. In this context, Russia's approach does not strike a chord in Beijing.

Both countries have strived to find compromises on several commercial and political issues, but their shared resentment of western domination is not enough to forge a real strategic partnership.

Neither wants to provoke military disputes with G7 members and China tread carefully around the crisis in Russian-Western relations over Ukraine

When Beijing and Moscow wake up from the honeymoon phase, the growing asymmetry of power will make it harder for them to sustain their level of cooperation.

Relations between the two share some aspects of an alliance, but they are not allies. And both are increasingly aware of the absence of an 'equal footing' in the relationship. As China's strength grows, it follows that the relationship cannot hold in the long term.

Moreover, each sees itself as deserving of great power status and values their independence of decision-making. Neither wants to be perceived as a senior or a junior partner, nor do they want to be prisoners of their history.

The Sino-Soviet split of the 1950s and 60s took place in a very different world, but its ghost remains alive in both Beijing and Moscow and is unlikely to be exorcized in the near future.

Source: Chatham House (United Kingdom)

www.chathamhouse.org

It's time to practice social and economic distancing from China

Marc A. Thiessen

Americans are practicing social distancing to stop the spread of the coronavirus that the Chinese regime's lies and mismanagement unleashed onto the world. It may also be time to start practicing social — and economic — distancing from China as well.

China's dictatorship bears ultimate responsibility for the pandemic lockdown that is crushing our economy. Axios reports that if China had acted just three weeks earlier to contain the virus rather than suppress information about it, "the number of coronavirus cases could have been reduced by 95 percent and its geographic spread limited."

But the ensuing crisis has also exposed just how dependent we have become on China in key sectors of our economy. Case in point: In recent days, the Chinese state news agency Xinhua warned that if the Trump administration is not careful, China could ban pharmaceutical exports and plunge the United States "into the hell of a new coronavirus pneumonia epidemic." The threat is real. China supplies more than 90 percent of antibiotics used here. It also produces many other drugs and biologics that Americans depend on, including heparin, HIV/AIDS medications, chemotherapy drugs, antidepressants, and treatments for Alzheimer's disease, diabetes, epilepsy and Parkinson's disease. Rosemary Gibson, author of "China Rx: Exposing the Risks of America's Dependence on China for Medicine," told the New York Times this month, "If China shut the door on exports of core components to make our medicines, within months our pharmacy shelves would become bare and our health care system would cease to function."

We also depend on China for respirators, surgical masks and other protective gear that doctors and nurses need to deal with the coronavirus. Since the pandemic began, China has ramped up production, but the government has taken over factories that make masks for US companies such as 3M and is hoarding the supply, leaving Americans at greater risk.

Our dependence on China is not just for medicine and devices to deal with this pandemic but also for technology that is critical to our long-term economic and security interests. Take the development of next-generation 5G networks, super-fast cellular technology that the Wall Street Journal reports will soon enable "a world of robot-run factories, remote surgery and driverless vehicles to power a 'fourth industrial revolution.' " The market for 5G technology is dominated by

Huawei, a company linked to the Chinese Communist Party. In a recent speech, Attorney General William P. Barr warned that China's dominance of 5G poses "a monumental danger" that could facilitate Chinese espionage or allow Beijing to remotely control or disable devices — giving Beijing a stranglehold on Western economies. So far, we have been unable to persuade allies such as Britain not to use Huawei equipment because we have no alternative to offer; no major US manufacturer produces alternative 5G equipment. "For the first time in history, the United States is not leading the next technology era," Barr said.

The current pandemic has exposed the fact that we are dependent on China for everything from iPhones and computers to clothing and footwear — supply chains that have been disrupted by the coronavirus outbreak. It's one thing to depend on China for cheap T-shirts and sneakers. It's another to depend on a brutal communist dictatorship for life-saving drugs and the communications infrastructure that will undergird the 21st-century economy.

So what is the solution? When it comes to pharmaceuticals, Sen. Tom Cotton (R-Ark.) said, "It's time to pull America's supply chains for life-saving medicine out of China," and he has introduced legislation with Rep. Mike Gallagher (R-Wis.) to do just that. When it comes to 5G, Barr has suggested that the United States buy a controlling stake in Huawei's only serious competitors — Nokia, based in Finland, and Ericsson, based in Sweden — and create an alternative to Chinese dominance of 5G.

More broadly, my American Enterprise Institute colleagues Derek Scissors and Dan Blumenthal have recommended that the "United States should change course and begin cutting some of its economic ties with China." This economic decoupling, they say, "should be limited to areas that are genuinely vital to national security, prosperity and democratic values." The US government should bar Chinese companies that steal US intellectual property from doing business with US firms, and block access to American capital markets — including listing on American exchanges — of any Chinese company that is tied to espionage, the People's Liberation Army or internal repression. Such actions may raise costs for US consumers in the short term but are vital to their health and safety in the long term.

The Chinese government's complicity in the coronavirus pandemic is an opportunity for the United States to reevaluate its economic ties to Beijing and develop alternative supply chains for medicines and critical technology. China's lies about a virus have us hurtling toward a recession. It is time to immunize our economy and national security from our dependence on a deceitful regime.

*Source: American Enterprise Institute for Public Policy Research (AEI)
(United States)*

www.aei.org

Impact of China's Decision-Making Processes on International Cooperation: Cases of Peacekeeping and Humanitarian Assistance/Disaster Relief

Miwa Hirono

The nature of China's decision-making processes has international policy implications. The more holistic China's decision-making process, the deeper the international cooperation.

The Asia-Pacific region hosts myriad trans-border activities highly vulnerable to natural disasters, compounded by conflicts or socio-political uncertainty, as highlighted by ethnic conflict in Myanmar and the Philippines. China's economic well-being depends largely on an increasing number of Chinese companies and citizens working outside of China – many of which are in the Asia-Pacific region – encouraged by the “Go Abroad” strategy in the 2000s and the Belt and Road Initiative (BRI) since 2013.

Such problems as conflict and disaster can adversely affect the economic benefit of Chinese companies, the lives of Chinese citizens, and the maintenance of national assets overseas.

These problems are exacerbated by China's lack of trust among countries in the region. Such issues as the Taiwan problem, China's military expansion in the South China Sea, and so-called debt traps, lead to the region's concern about the nature of China's rise. In these circumstances, it is imperative for China to cooperate with countries in the region to tackle together non-traditional security issues such as disasters and conflict, thereby gaining the trust needed to create a friendly international environment. UN peacekeeping and HADR are both a means to address these problems. Both help China address conflict and disaster inside and outside the region, and to display international responsibility by addressing non-traditional security threats.

UN peacekeeping and HADR seem to offer “low hanging fruit” for international cooperation, particularly when thinking about how difficult it is to cooperate over international issues involving China's “core interests,” such as territorial integrity and nationalism. However, the ways in which China undertakes UN peacekeeping and HADR cooperation differ. China's peacekeeping cooperation with the UN, ASEAN and other key states in the region, such as Australia, Japan and Korea, encompasses not only cooperation for technical and capacity

development but also cooperation for policy harmonisation, while China's HADR cooperation is limited to technical and capacity development. So, why the difference?

Behaviourists explain that state cooperation is driven by changes in the balance of power among countries. But the fact that China differentiates the ways in which it cooperates with other states depending on the field of cooperation, shows that external factors are insufficient to explain why one state cooperates in one field and not in another. Instead, internal factors are also a focus. More specifically, the difference in the level of cooperation corresponds to the level of holisticity/fragmentation of China's decision-making process.

A holistic decision-making process helps China foster deeper international cooperation, while a fragmented one hinders the deeper development of cooperation. There is no intention to necessarily deny the behaviourist explanation, but when explaining why China cooperates in one field and not in others in the context of the same international power structure, internal factors, particularly the holisticity/fragmentation spectrum of the decision-making process, can offer a key to explaining the nature of China's international cooperation.

We can take three approaches to this topic.

The first points out the types of foreign policy problems that the Chinese government has tried to address by engaging in UN peacekeeping and HADR operations. Since the end of the Cold War, China has steadily increased its financial and personnel contribution to UN peacekeeping and HADR. Since China's financial contribution to UN peacekeeping surpassed that of Japan in 2016, it has been second only to that of the United States (respectively contributing 27.89 percent and 15.21 percent of the entire UN peacekeeping budget since 2016). China's peacekeeping troop contribution surpassed that of any of the other "permanent five" members of the UN Security Council in March 2004.

Many have pointed to a trust deficit problem. The essence of this problem is related to the so-called China threat theory. As China rises, the region and the world are concerned about whether or not the rise is of a benign nature. Additionally, China's increased contribution to peacekeeping and HADR is a to fill the void of global leadership consistent with the size and international standing of the country. And what's more, China's increase in contribution was again particularly important in the 2010s, as it derives from the complexity of the concept of security, which necessitates "strengthening and revitalizing the armed forces."

Secondly, it is helpful to view the world through Margaret Hermann's "decision units approach" to investigate the extent to which China's decision-making processes are holistic or fragmented. While the leading China studies suggest that foreign policy decision-making is taking place in a fragmented way, there has not been any theoretical work on this. The decision units approach offers a tool to help describe in some useful detail the holisticsity-fragmentation spectrum.

This approach to foreign policy analysis is a framework based on an agency-based perspective, which can help explain how and why a state arrives at a certain policy. This framework includes investigation of the level of holisticsity/fragmentation in decision-making. One of the key problems, however, is that one suffers from a serious lack of data on the interaction among decision units in China, because of the secretive nature of the policy apparatus.

When facing a dearth of sources, the comparison of media reports might help one analyse the differences in the opinions of the Ministry of Foreign Affairs and of the Chinese military – the former being more supportive of UN peacekeeping, the latter being more sceptical.

The majority of World Knowledge Publications (an Indian-based bi-monthly magazine) discuss critical issues associated with the implementation of political solutions to the Cambodian problem, and mention the necessity of UN or international monitoring of Cambodia. In contrast, the PLA Daily's equivalent reporting was extremely limited. This shows that after the dispatch any difference in opinion either withered away or was minimised, and the PLA became supportive of the United Nations Transitional Authority in Cambodia, or more specifically, Chinese peacekeepers in Cambodia.

Ultimately, the reason China's international cooperation on peacekeeping and HADR differs corresponds to the level of holisticsity/fragmentation in China's decision-making process. The process outcome of HADR itself is fragmented, while that of peacekeeping is more holistic. China does not have a holistic approach to non-traditional security issues.

This conclusion offers one pathway to identify why China cooperates in one field but not in others. While policy objectives largely direct the extent to which China commits itself to international cooperation, they do not necessarily account for China's cooperation record, as shown in the differences between cooperation in UN peacekeeping and in HADR operations. When the same set of policy objectives is not always shared by all members of policy community, processes rather than preferences shape policy behaviour.

The decision units approach also offers some policy implications. China's international cooperation in HADR can become more in-depth by encompassing

policy-level discussion, if China itself can develop more holistic process outcomes. This can be done by having a leadership moderately sensitive to contextual information on the determination that China's global and multilateral assistance is needed to address a wide range of humanitarian crises (rather than bilateral assistance). Holistic process outcomes can be also achieved by establishing norms and rules relating to HADR for multiple actors, guidelines establishing when and how China cooperates.

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Source: Australian Institute for International Affairs (AIIA) (Australia)

www.internationalaffairs.org.au

Progressiveness and Distributive Impacts of Personal Income Tax: The Case of China and

Ricardo Gonçalves, Zhang Ping and Pedro Rossi

Fiscal policy is naturally distributive as it affects differently the households and social classes by its public expenses and by taxation. Several authors emphasize the role of tax policy as an important instrument to reduce inequalities. Among the tax instruments, direct taxes are potentially progressive as it involves income and wealth and allows differentiation of rates according to the individual's ability to pay. In this context, we seek to evaluate the distributive impact of the personal income taxes (PIT), comparing the cases of Brazil and China.

Therefore, the study estimates the Gini coefficient before and after PIT and proposes a methodology to transpose the Chinese PIT rule to Brazil. The results shows that although the Chinese rule is much more progressive (with 8 brackets and going up to 45%), the Brazilian rule is more effective in terms of income distribution. This brief paper exposes the methodology and the main results of this project developed within the FLAUC partnership.

Personal Income Tax in China and Brazil

In China, the important economic growth has been accompanied by a rapid increase in income inequality, sometimes attributed to the high return rate of various kinds of capital including financial capital and real estate. The “Personal Income Tax Law of the People's Republic of China” was enacted in September 1980 and revised in October 1993. Since then, in August 1999, October 2005, June 2007, December, and June 2011, the Personal Income Tax Law has been revised five times, mainly to raise the threshold (exemption amount).

The monthly standard deduction has increased from the initial 800 yuan to 1600 yuan (in 2006), 2000 yuan (in 2008) and 3500 yuan (in 2011). The seventh amendment occurred on August 31, 2018 and brought a large impact to the tax design. The reform also changed the brackets of different tax rates, and some special deductions including education and medical expenses were added for pretax deduction. After the reform, besides a significant increase of standard deduction from 3500 to 5000 (RMB), the bracket changes also bring a significant decrease of tax burden for all taxpayers.

With the increase of income, prior to the most recent adjustment of the exemption, the number of taxpayers was 187 million, accounting for 13.45% of the total population. After adjusting the standard deduction to 5,000 yuan per

month, the taxpayers were only 64 million (a reduction of nearly two-thirds), accounting for 4.6% of the total population. In other countries and regions, this proportion is much higher: in United States is 42.6%; in Japan is 39%; in South Korea is 32.5%; and in Hong Kong is 21.5%. Therefore, the low proportion of taxpayers and the minor rates of the first brackets is probably the main reason for the small contribution of the PIT on decreasing inequality in China.

In Brazil, the principle of equity or tax justice is not verified, given the predominance of indirect taxes in the tax burden. As shown by Silveira (2012), the poorest 10% of the social pyramid commit 30% of their total income to indirect taxes and the richest 10% contribute only with 12% of their total income with indirect taxes. It is also important to notice that the taxation on dividends paid by corporations to their shareholders are exempt, and this turned to be an important source of income of the wealthiest persons of the country.

The PIT in Brazil is a federal tribute and it has suffered small reforms since the establishment of the Constitution of 1988. In 1995 there were 3 progressive brackets besides the exemption range (15%, 26.6% and 35%), which became only 2 brackets from 1997 until 2008 (15% and 27.5%). In between those periods there were adjustments in the income levels of each bracket besides those tax rate reforms. Since 2009 there is four progressive tax rates (7.5%, 15%, 22.5% and 27.5%) and the income level of each bracket has been adjusted annually.

In Brazil, only 8.6% of the population contributes with PIT (PNAD 2017). As in China, this low rate of taxpayers limits the capacity of this mechanism to play a major role in redistributing income. Also, the top PIT rate of 27.5% is very low in comparison to international standards (OECD countries), which lowers the contribution of the richest.

Methodology

For China's analysis, we use data from the China Family Panel Studies 2016 (CFPS) by the Institute of Social Science Survey (ISSS) at Peking University. The data set contain detailed information on housing attributes and family features. Since these surveys constitute the best available data that is large enough, we believe they are usable for our purposes. Our results show, from multiple aspects, that the data roughly reflects reality. After cleaning up missing values, the data set contains about 10 thousand observations, widely distributed among 25 of the 31 provinces in China.

The database for the Brazilian case is the National Household Sample Survey (Pesquisa Nacional de Amostra de Domicílios — PNAD). The PNAD is a probabilistic sample survey of domiciles made in a national territory scope by

the Brazilian Institute of Geography and Statistics (IBGE). The 2017 PNAD survey has a sample with 211 thousand households, that is 457,992 people that captures data from all regions of Brazil.

The methodology applied simply measures the Gini Index before and after the PIT of each country. We can, then, observe how the application of this tax contributes to reduce the Gini Index. Afterwards, we make an exercise transposing the PIT of China and Brazil to observe how the rule of one country impacts the Gini Index of the other. To the transposition exercise, we apply a rate dividing the limit income of each bracket by the median income of the country, so we have a comparative base of how many times of the median income a persons must have to fit in a specific bracket. Then we can apply into the other's country database, just multiplying those rates by the median income of the country that is receiving the rule. Table 1 summarizes the transposition of the Chinese PIT rule for Brazil, and Table 2 brings the Brazilian PIT for China:

Table 1: Transposing the Chinese PIT rule for Brazil:

Limits of Each Bracket / Median Income = Ratio	Ratio (Ch) * Median Income (Br)	Income Brackets (R\$)		PIT
Chinese Median Income = RMB 1,530.95	Brazilian Median Income = R\$ 752.12	Over	41,758.65	45%
$85,000/1,530.95 = 55.52$	$55.52 * 752.12 = 41,758.65$	29,476.70 - 41,758.65		35%
$60,000/1,530.95 = 39.19$	$39.19 * 752.12 = 29,476.70$	19,651.13 - 29,476.70		30%
$40,000/1,530.95 = 26.13$	$26.13 * 752.12 = 19,651.13$	14,738.35 - 19,651.13		25%
$30,000/1,530.95 = 19.60$	$19.60 * 752.12 = 14,738.35$	8,351.73 - 14,738.35		20%
$17,000/1,530.95 = 11.10$	$11.10 * 752.12 = 8,351.73$	3,930.23 - 8,351.73		10%
$8,000/1,530.95 = 5.23$	$5.23 * 752.12 = 3,930.23$	2,456.39 - 3,930.23		3%
$5,000/1,530.95 = 3.27$	$3.27 * 752.12 = 2,456.39$	Under 2,456.39		0%

Elaborated by the authors.

Table 2: Transposing the Brazilian PIT rule for China

Limits of Each Bracket / Median Income = Ratio	Ratio (Br) * Median Income (Ch)	Income Brackets (RMB)		PIT
Brazilian Median Income = R\$ 752.12	Chinese Median Income = RMB 1,530.95	Over	- 9,491.89	27.5%
$4,664.68/752.12 = 6.20$	$6.20 * 1,530.95 = 9,491.89$	7,639.44 - 9,491.89		22.5%
$3,751.05/752.12 = 4.99$	$4.99 * 1,530.95 = 7,639.44$	5,756.37 - 7,639.44		15%
$2,826.65/752.12 = 3.76$	$3.76 * 1,530.95 = 5,756.37$	3,873.30 - 5,756.37		7.5%
$1,903.98/752.12 = 2.53$	$2.53 * 1,530.95 = 3,873.30$	Under - 3,873.30		0%

Elaborated by the authors.

Results and Conclusions

The results in Table 3 indicate that PIT in China has reduced Gini coefficient from 0.456 to 0.447, which is only about 1.97% reduction of the inequality.

In Brazil, the reduction was from 0.551 to 0.537, that means 2.54%. Although the PIT redistributes income in these two countries, as expected, it does in a very restrictive way when compared to the international experiences. Another important observation is that, although the Chinese rule is much more progressive (with 8 brackets and going up to 45%), the Brazilian rule is more effective in terms of distributing income.

Table 3: Basic comparison between the structure of income distribution and the PIT distributional impact of China and Brazil

	Brazil	China
Gini Before PIT	0.551	0.456
Gini After PIT	0.537	0.447
Per Capita Income (local currency)	1,246.20	2,352.33
Median Income (Percentile 50)	752.12	1,530.95

Elaborated by the authors.

When transposing the PIT between countries, we noticed that the Brazilian rule applied to China reduces in 6.36% the Gini Index. And the Chinese rule applied to Brazil reduces the Gini only in 1.42%. This result might lead us to a counterintuitive assumption: why the more progressive rule results in a less effective distributional effect?

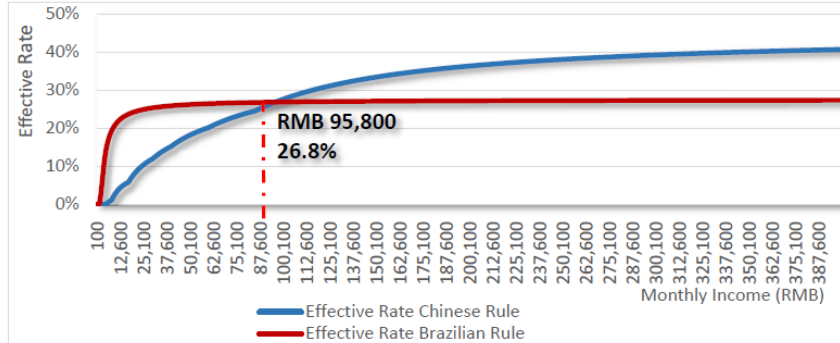
The answer is in Figure 1 that display the effective PIT paid by monthly income when applying the Chinese and the Brazilian rule. Since the PIT is applied marginally in a person's income, when the exemption rate is too high, and when the first brackets are too low, the richest persons might also benefit. We must pay attention to the effective rate of the PIT when applying each rule. Only those with monthly earnings higher than RMB 95,800 would pay a higher effective rate with the Chinese rule. That means the Chinese PIT rule burdens less in a group of people considered wealthy in the country's income pyramid, even though it might charge more of the few richest. In the other side, the Brazilian PIT tax charges a lot the wealthy middle class, which has a significant distributive effect, but fails to commit the richest. In terms of tax collection, the Brazilian PIT rule is much more efficient (tax revenues fall 47% with the Chinese PIT in comparison with the Brazilian rule) what culminates with a higher distributive effect.

表 4: 基尼指数中的个人所得税转置结果:

转置个人所得税规则	个人所得税 前基尼系数	个人所得税 后基尼系数	个人所得税后基 尼系数降低比例
巴西规则应用于中国	0.456	0.427	6.36%
中国规则应用于巴西	0.551	0.543	1.42%

本表由本文作者制作。

Figure 1: The Effective Tax Rates with the Brazilian and the Chinese PIT Rules – monthly income in RMB



Elaborated by the authors.

As a conclusion, we do not compare qualitatively whether the Chinese or the Brazilian PIT is better. Even though the Brazilian rule has a better impact on the Gini Coefficient, it has serious limitations to charge the richest, it is clearly not progressive enough and it sets the higher PIT bracket too low. On the other side, the Chinese rule starts with very low rates and a high exemption level, which end up softening the effective rate for a significant part of the population that is considered wealthy and lowers the total tax collection. As a fiscal policy guidance, we might envision a combination of these two rules, that may charge more those accordingly with the capacity to pay, and then could play a better role in diminishing the huge income inequality of those countries.

Inviting Contributions to China Watch 2020

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Requirements

1. This contribution should be policy analysis or advice, reflecting author’s deep thinking of forward-looking and comprehensive issues. Topics include but are not limited to Chinese domestic affairs, foreign policies, economy, society, education and other issues involving China’s development.
2. The English edition could be articles published by foreign think tanks or major media in English (if the article is in other foreign language, please attach a 200-word abstract), or English research achievements of yourself. If the contribution is accepted by editorial department, it will be translated by the referrer or editorial department.
3. The Chinese edition is open to all the institutions and individuals. The topic is decided by yourself and the language should be succinct and not academic. 3000 words are proper, and there should be an introduction of the author within 100 words in the end. If the contribution is involved in sensitive issues, please burn it onto disc and post it to the editorial department with paper edition instead of sending it by email.

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