

## Business is Business: How Trade Relationship Fails to Boost Image of China

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### *Abstract*

In this study, we explore how China's increased economic influence shapes its image among foreign audiences. Specifically, we examine the effect of a country's trade relationship with China on its citizens' perception of China. A systematic analysis of the data from recent three waves of the Asia Barometer Survey (ABS) consistently show that, at the country-level, trade exposure to China is associated with a less favorable public view of China. At the individual level, we further find that trade exposure weakens the positive relationship between individuals' assessment of domestic economic situation and their perception of China. Meanwhile, political factors such as individuals' democratic orientation and the regime difference correlate with a negative image of China, and trade relationship cannot mitigate this "soft power deficit." In short, trade relationship does not help promote a positive image of China.

*Keywords:* soft power, economic interdependence, China, public opinion

Political scientists have long argued that the mass perception of foreign nations strongly influences a country's foreign policy making (Boulding, 1959; Silverstein, 1989; Hurwitz and Peffley, 1990; Herrmann and Fischerkeller, 1995; Chen, 2001; Holsti, 2004). More recently, the ability to influence foreign mass perception is considered as "soft power," which can be translated into actual power in international relations (Nye, 2004; Goldsmith and Horiuchi, 2012). Another important development in the past decades is the blurred responsibility of national economies due to the ever-increasing economic interdependence (Hellwig, 2001, 2014). Foreign nations and the global market are often blamed for domestic economic distresses, and the mass perception of foreign nations has been unprecedentedly integrated into domestic politics (Solt, 2011; Ezrow and Hellwig, 2014; Chiozza and Manzetti, 2015; Galantucci, 2015; Ward et al., 2015).

Compared to other countries, in the past decade China has received more attention from both its neighboring Asian countries and other parts of world (Kang 2015; Kang and Chu 2015; Aldrich, Lu and Kang, 2014; Chu, Kang and Huang, 2014; Nye, 2012; Gries, Crowson and Sandel, 2010; Sautman and Hairong, 2009; Whitney and Shambaugh, 2009; Cho and Jeong, 2008). Such burgeoning public interest in China is fueled mainly by four factors. The first is China's surging economic influences around the world. Not only has China become the world's second largest economy, it also has deeply integrated into world economy as the largest exporter in the global trade. Second, benefited from the remarkable economic growth, the Chinese government actively pursues a variety of policies to improve its global image. These "charm offensives" are exemplified by activities such as hosting the 2008 summer Olympic Games, establishing the Confucius Institutes in foreign universities, and initiating the Asian Infrastructure Investment Bank (AIIB) (Kurlantzick, 2007; Paradise, 2009; Kennedy, 2010;

Shambaugh, 2015). Third, the Chinese government has adopted a global strategy, Belt and Road Initiative (BRI), which involves infrastructure-based development across over 50 countries in Asia, Europe, and Africa (e.g., Strauss, 2019). Finally, as a result of the three factors above, China has become a focal point of policy debates in many countries (Sautman and Hairong, 2009; Peters, 2012; Hellwig, 2014). Particularly, in those with close economic ties to China, policies towards China are framed more often in terms of domestic issues than as mere foreign policy issues (e.g., Kang 2015; Colantone and Stanig, 2018*a*, 2018*b*).

All these suggest that “the rise of China is a complicated phenomenon with a multifarious nature, ... Public opinion, attitudes and perceptions of China’s rise are [thus] the outcome of dynamic interactions and assemblage of factors” (Kang 2015, p. 242). Particularly, the recent China-US trade war points to how geopolitical competition, economic interests, ideological underpinnings, and popular sentiments could become all “intertwined and inseparable” at both the state and individual levels (Kang 2015). Moreover, some further argued that the rise of China has triggered the global wave of populism and fueled the public’s anxiety and anger against globalization. Voters’ support for Brexit in UK, as shown by Colantane and Stanig (2018*a*), was closely associated with the shock of surging imports from China over the past three decades. Similarly, a study of another 15 Western European countries find that exposure to Chinese imports gave rise to popular support for nationalist, isolationist, and radical-right parties (Colantane and Stanig, 2018*b*).

Despite its critical importance and the burgeoning public interest, there is little consensus on how to assess and explain the foreign mass perception of China. Nye (2012), for instance, argues that the authoritarian rule of the Chinese Communist Party (CCP) induces a “soft power deficit” for China. Such a deficit makes the returns from its charm offensives quite limited (Cho

and Jeong, 2008; Wang, 2008; Li, 2009; Paradise, 2009; Whitney and Shambaugh, 2009; Shambaugh, 2015). On the other hand, many studies suggest a generally positive image of China (Linley, Reilly and Goldsmith, 2012; Nelson and Carlson, 2012; Strauss and Armony, 2012). For example, Chu, Kang and Huang (2014) argue that “the overall picture shows that the rise of China has been largely recognized and welcomed by East Asians” (p. 398). Given these discrepant findings, we find it imperative to systematically explore how China is perceived by foreign public. Particularly, we are interested in how China’s surging economic influence could boost its image among the foreign audiences. Focusing on bilateral trade relationship, this research addresses the following question: how does economic interdependence with China affect the public perception of China?

To answer this question, this study adopts a multilevel and interactive approach. We examine not only the direct effect of economic interdependence at the country level, but also the moderating effect of economic interdependence on the relationship between public perception of China and its correlates at the individual level. We conduct a multilevel analysis based on the data of 12 polities included in the recent three waves (2005-2016) of the Asia Barometer Survey (ABS)<sup>1</sup>. Our analyses of decade long public opinion in Asia show that at the country-level trade exposure to China is associated with a less favorable public view of China in general. At the individual level, stronger economic interdependence does not help boost a positive image of China either. On the one hand, although perception of an improving national economy is

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<sup>1</sup> The polities in ABS that are included in this study are: Japan, South Korea, Mongolia, Philippines, Taiwan, Thailand, Indonesia, Singapore, Vietnam, Cambodia, Malaysia, and Myanmar.

associated with a more positive perception of China, trade exposure to China weakens this positive relationship. On the other hand, political factors such as individuals' democratic orientation and the regime difference between China and the surveyed countries still correlate with a negative image of China, and trade relationship cannot mitigate this "soft power deficit."

By focusing on the rising economic influence of China in the world, this study advances our understanding of the sources of foreign image of China in several ways. First, it provides a framework to dissect the complexity of the foreign popular perception of China. As Kang and Chu (2015) pointed out, foreign attitudes of China are the "outcome of dynamic interactions and assemblage of factors, a synergy of material interests, ideational and emotional reactions, and values, ideologies, principles." In this study, we examine the effect of both materials interest and democratic values of individual citizens and, more importantly, explore how the aggregate-level factor (i.e. trade interdependence between countries) shapes the effect of individual-level factors. Thus, the dynamic relationship between these factors exist not only at the same level (e.g., individual level), but across country-level and individual level. Such a cross-national and multilevel framework differs from single-country studies and studies that only focus on individual-level sources of foreign image.

Our study also helps appreciate the nuanced nature of instrumental sources of China's foreign image in an increasingly globalized world. Scholars have noted that public opinion towards foreign nations (e.g., anti-Americanism) can be strongly shaped by the courses of domestic political competition (e.g., Blaydes and Linzer, 2012). For mass perception of China, its instrumental nature is closely associated with China's unprecedented overseas economic influences. When the responsibility of national economy is blurred by economic interdependence, how to interpret links with China inevitably becomes the spotlight of national

political discourses in many countries (Sautman and Hairong, 2009; Peters, 2012; Hellwig, 2014). People are embedded in both domestic and international environments. The formation of their perceptions about foreign countries therefore is conditioned by the complex domestic-international interactions. Our study then provides a systematic explanation for both intra- and inter-country variations in mass perception of China.

Finally, our study points to the fundamental challenges for China's global charm offensive. Our findings suggest that while such cultural programs as the Confucius Institute are not delivering desirable returns, more trade and investment deals (e.g., AIIB and BRI) offered by the Chinese leaders can only have mixed, if not counter-productive, impacts on China's foreign image. Tighter economic ties with China would further increase the salience of "China issue" in domestic political competition. Rather than boosting China's image, such a salience could make more elites and mass to blame China for economic distresses.

## **I. Changing perceptions of China**

Before its "reform and openness" started in 1978, few who study the mass perception of China would be optimistic about China's recognition in foreign public opinion. One important impediment, particularly among the publics in Western Europe and North America, has been the non-democratic rule of the Chinese Communist Party's (CCP). After tracking mass perceptions of China in the United States for nearly four decades, Hirshberg (1993) concludes that the cognition of an undemocratic China fundamentally constrained the development of pro-Chinese sentiments. In addition, pre-reform China lacks the needed grassroots socioeconomic exchanges with foreign countries, and thus the promotion of China image was monopolized by a relatively

small number of political leaders and institutions. The early foreign mass perception of China, therefore, has been driven by political motivations, highly consistent with a country's overall diplomatic relationship with China (Cohen, 1973; Fairbank, 1974; Hirshberg, 1993; Holsti, 2004). As Li and Hong (1998) noted, the changes of China's national image in the United States have always corresponded to the overall Sino-US relations, which have been known for "numbers of roller coasters" (p. 2).

Trade liberalization (i.e., "openness") has become an integral part of China's post-Mao reform, and China has successfully transformed itself from one of the most closed economies to the largest trading power in the world. China's economic growth is exceptional not only in its rapid growth for a prolonged period of time, but, more importantly, in its unprecedented integration into the world economy. After its entry of the World Trade Organization (WTO), China was given most-favored nation status among the 153 WTO members, and its foreign trade now accounts for about three quarters of China's GDP. Moreover, China has dramatically increased its foreign direct investment (FDI). In Africa, for example, the total stock of Chinese investment and aid has grown over fifty-folds since the 1990s (Zafar, 2007). As noted by Shirk (2007), as a result of a combination of the globalization process and China's unusually high degree of openness under a tight authoritarian political control, "the reverberations [of China's economic growth] are felt everywhere" (p. 22).

China's rapid economic emergence inevitably triggered increasing attention from the publics in many countries. One of the most important signs of such attention has been the mass media coverage on China (Liss, 2003; Zhu and Lu, 2013). Zhang (2010) finds that in the past two decades the volume of media coverage of China has experienced rapid increase in the three major European transnational news outlets (i.e., the *Financial Times*, *The Economist*, and the



*International Herald Tribune*). Beyond the increase of the sheer volume, a close examination of the coverage content reveals that, albeit some traditional recurring themes like the CCP's repressive regime and human rights abuses, there is a growing and substantial number of reports focusing on themes like the economic promise of the "China market," reform of China's government and economy, and cultural changes (Liss, 2003; Zhu and Lu, 2013). As a result, the ordinary foreign publics have been increasingly exposed to socioeconomic issues related to China.

In summary, the foreign image of post-Mao China is no longer dominated solely by ideological and political concerns. Economic interdependence become increasingly important in shaping the mass perception of China. These changes inevitably give rise to a series of questions: How does China's surging economic power affect its image? In this study, we particularly focus on how economic interdependence, can shape China's foreign image while political and other factors are at play as well.

## **II. Trading with China and Perception of China**

Public opinion toward foreign policy issues, though characterized as "moody" and unstructured in the earlier literature (e.g., Almond, 1950), has been increasingly found consistent (Anderson, 1998; Gabel, 1998; Chen, 2001; Kaltenthaler, Gelleny and Ceccoli, 2004; Aldrich et al., 2006; Blaydes and Linzer, 2012), and the centrality of economic concerns has been frequently emphasized (e.g., Gabel, 1998; Eichenberg and Dalton, 2007). However, much scholarly debate remains concerning the sources of mass perception of a particular foreign country. In the following part, we first explore how trade interdependence could affect public opinions toward

China across countries, and then examine how trade interdependence could shape China's image at the individual level.

A. *Trade interdependence and the China issue*

Trade interdependence has been long advocated, particularly by the "liberal peace" thesis, as the key remedy for interstate hostility and conflict. It is argued that international trade not only increases the mutual economic well-beings, but also helps foster economic integration between the parties involved. Myriads of quantitative studies also show that trade interdependence, measured usually as trade-to-GDP ratio, is associated with lower likelihood of military conflict (e.g., Oneal and Russett, 1997). In light of this, China's economic rise could potentially boost its foreign image by promoting common interests and by cultivating economic integration with its trade partners.

**[Figure 1 is about here.]**

Yet, trade interdependence has received only limited attention in the extant studies of mass perception of foreign countries. This gap has a lot to do with the fact that historically the global trade impacts of a single country have been small and gradual. China's economic growth, however, is exceptional in its massive size, rapid pace, and heavy reliance on export. Its integration into the global economy has unprecedentedly restructured international trade and thus affected well-beings of massive foreign public. An illustrative case is the bilateral China-US trade. As revealed in Figure 1, since China's "reform and openness," particularly after its entry

into the WTO, China-US bilateral trade has dramatically expanded. Similarly, based on data of 15 Western European countries, Colantone and Stanig (2018a) find that the Chinese share of total manufacturing import has grown roughly seven folds between 1988 and 2007, while the share from other low-income countries remains largely stable.

Despite the huge trade shocks associated with China's integration into the global economy, only recently have scholars started to systematically examine its sociopolitical impacts in foreign countries (e.g., Autor, Dorn and Hanson, 2013; Colantone and Stanig, 2018a, 2018b). First and foremost, it is found that ordinary people do respond to China's economic rise and increasingly perceive China through an economic lens. These findings corroborate with earlier studies on the importance of economic concerns in how the public understand foreign policy issues. Given the liberal peace thesis and related literature reviewed above, we have the following hypothesis of the direct effect of trade relationship on public perception of China that is to be tested in the following empirical section:

*Hypothesis 1a: Citizens in countries with a greater economic interdependence with China are more likely to view China positively.*

However, different from the optimistic expectation of the liberal peace thesis, further evidence show that an economic view of China does not necessarily mean a positive view of China. Instead, the China issue has become the new focal point of domestic political debates. This is because the volume and velocity of interdependence with China have markedly blurred and disrupted the boundaries of nation-states' responsibilities for national economies in many countries. Therefore, the mass perception of China tends to be highly ambivalent. For instance,

throughout the most recent US election debates, the China issue has been closely associated with the economic performance. For many, the 2016 U.S. presidential election was marked by the two candidates competing over who would be tougher on China if elected. In Africa, based on surveys in nine countries, Sautman and Hairong (2009) find that national political discourses of China-Africa economic links strongly shape the public's perception of China.

Beyond political debates, the China issue has also been intertwined into actual domestic politics. In their study that tracks the roll-call behaviors and electoral outcomes in the US House between 1990 and 2010, Feigenbaum and Hall (2015) find that the localized economic shocks from Chinese import competition cause legislators to vote in a more protectionist direction on trade bills but cause no change in their voting on all other bills. In issues like exchange rate politics, the China issue has introduced notable domestic cleavages. Galantucci (2015) shows that while legislators with ties to import-competing domestic producers are more likely to introduce and support aggressive bills against the undervaluation of the Chinese yuan, those who represent business interests with stakes in the Chinese economy tend to oppose such bills.

In sum, although increased trade interdependence could potentially improve China's foreign image, its unprecedented volume and velocity tends to increase the salience of China issue, making the public and political elites blame China for domestic economic distress. Given this discussion, we have the following competing hypothesis to be test with regard to the direct effect of trade interdependence at the country level.

*Hypothesis 1b: Citizens in countries that share stronger trade ties with China tend to perceive China more negatively.*

*B. Winners, losers, and the China issue*

The lack of consensus on the aggregate impact of trade interdependence highlights important individual variations in how ordinary people orient themselves toward China. From the perspective of political economy, the salient economic concerns in the public opinion can be regarded as people's reactions to the increasing vulnerability of national economy to the globalization process (e.g., Hellwig, 2014). Specific to international trade, drawing on the Stolper-Samuelson theorem, Rogowski (1989; also see Midford, 1993) suggests that economic globalization could introduce grave distributive politics to nation-states. Domestic groups endowed with different production factors (i.e., labor, land, and capital) benefit variably from international trade.<sup>2</sup> As a result, varying domestic cleavages and coalitions are formed, influencing a country's foreign policies and even domestic ones (Kapstein, 2000; Hiscox, 2002; Kayser, 2007). For example, increased trade exposure is found strongly associated with welfare expansion (Scheve and Slaughter, 2004; Walter, 2010). The globalized production increases people's socioeconomic risks, which in turn decreases their feelings of economic security and leads them to demand more social protection. For instance, after comparing aggregate public opinion across Asian countries, Chu, Kang, and Huang (2014) conclude that "the most important

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<sup>2</sup> It should be noted that besides factor endowment, many other mechanisms also link increased trade exposure to domestic political cleavages. For example, later studies reveal that skills, asset values, consumer tastes and the like are also important in creating domestic winners and losers (Scheve and Slaughter, 2001; Baker, 2005; Walter, forthcoming). Despite the differences in their specific focuses, most scholars agree on the strong impacts of globalization on domestic distributive politics.

variable predicating a respondent's view on the rise of China is his/her assessment of the overall domestic economic condition" (p. 413, italics added by the authors). In light of this, we expect similar "economic cleavages" in mass perception of China. We hypothesize that economically advantaged citizens tend to feel less threatened by China's economic rise, and thus are more likely to have a more positive understanding of China.

*Hypothesis 2: Individuals with more positive economic perceptions are more likely to orient themselves positively toward China.*

In the cross-national context, this micro positive link between people's sense of economic security and perception of China can be strongly conditioned by the macro trade interdependence. This is because the bilateral economic ties with China strongly affect the salience of the China issue in a given country. The exposure to economic competition from China redefines the responsibility of national economic performance, and the issue linkage between national economy and China tends to change in accordance with the country's economic dependence on China. In light of this, people's economic perception of China can be strongly reinforced by stronger bilateral economic ties. On the one hand, in countries under with limited economic influences of China, ordinary people are less likely to perceive China on the economic basis. On the other hand, economic concerns matter a lot in China's close economic partners, and people tend to blame China for economic distress.

Such dynamic interactions between the international context and domestic public opinion have been increasingly emphasized in the recent literature (Caporaso, 1997; Hellwig, 2014). For instance, Alcañiz and Hellwig (2011) show that ties with world markets make ordinary citizens

often blame policy outcomes on international actors. The responsibility for economic performance thus is shifted from national politicians to foreign actors. The conditioning effects of contextual factors are further supported by carefully designed experiment studies. As an effort to clarify the formation of national image, Eicher, Pratto and Wilhelm (2013) find that group images are far more than a simple function of features of the target group. More important, the collective image is shaped by the relationship between the rater group and the target group. We therefore hypothesize the conditioning effects of the bilateral economic interdependence as follows.

*Hypothesis 3: As the bilateral economic interdependence increases, the positive impacts of people's economic understanding of China will decrease.*

### *C. Values, Trade, and the China Issue*

Many studies have shown that individuals' subjective values and predisposition can strongly shape their attitudes toward foreign countries and foreign-policy issues (e.g., Cohen, 1979; Silverstein, 1989; Chen, 2001; Herrmann et al., 1997; Alexander, Levin and Henry, 2005; Garcia-Retamero, Müller and Rousseau, 2012). As argued by Hurwitz and Peffley (1987), one way to understand citizens' foreign-policy attitudes is to conceptualize it as a hierarchical model of constrain. While at the most concrete level are preferences for specific foreign-policy issues, at the foundational tier of the hierarchy are core values, which are more personal statements regarding the individual's priorities and concerns. Mass attitudes of foreign policies, therefore, are an extension of personal core values, learned primarily in domestic contexts and later

projected onto foreign-policy issues (Hurwitz and Peffley, 1990; McLaren, 2002; Kaltenthaler and Miller, 2013).

More specifically, value similarity is found critical for the public to form their opinions on foreign-policy issues. For example, Anderson (1998) shows that value similarity matters for the European public's support for the membership in the European Union. Due to information deficits, individuals employ proxies like their value similarities with domestic parties (e.g., Left vs. Right) when responding to the issue of the European integration. Using experimental studies, Garcia-Retamero, Müller and Rousseau (2012) also confirm that when facing issues in international relations, ordinary citizens tend to compare their ingroup and outgroup based on different abstract values. Their opinions about international relations then are strongly influenced by the perceived value similarity between the two parties involved. Particularly, they show that unsophisticated individuals tend to rely on a single value (e.g., democracy or autocracy). Tomz and Weeks (2013) further show that it is the shared democracy that pacifies the public by changing perceptions of threat from other nations. Individuals are substantially less supportive of military strikes against democracies than against otherwise identical autocracies.

Although China has gone through many major social economic changes since 1980s, the fundamental nature of its ruling regime has not changed much. CCP still imposes a tight control over political domains including restraining political competition, limiting political freedom, and censoring information on the Internet and the media. Given the authoritarian nature of China's regime, we expect that people who hold a strong commitment to democratic values tend to have a more negative view toward China.



*Hypothesis 4: Citizens with a higher level of democratic attitudes have a less favorable perception of China.*

How does trade interdependence between countries moderate the negative relationship between one's democratic orientation and his or her perception of China? The answer is not certain. On the one hand, trade exposure to China could mitigate the negative effect of democratic attitudes on China's image. Democratic-minded people who live in a country without much interaction with China are likely to perceive China purely as an authoritarian regime. Economic relationship through trade provides opportunities for foreign citizens to know and appreciate the economic changes and societal progress in China. Although Chinese government still exerts a tight control in political domain, economic reforming and opening has promoted fundamental transformation in every aspect of China. Studies of other countries like US also show that more contacts with foreigners tend to lead to better popular image of foreign countries. The fact that China can grow as an economic power and conduct businesses capitalist-style in other countries indicates how tremendous the progress the country has made. Democratic citizens would thus be less likely to assess China based on the stereotype of an authoritarian regime.

On the other hand, however, trade relationship could also worsen the perception of China among foreign citizens with a strong democratic orientation. For one thing, interactions could make those who otherwise do not know much about China's politics more aware of the value difference between what they hold dear and what the Chinese regime stands for. For another, as revealed in the recent trade war between China and US, when trade with China is portrayed as unfair or when the unfair trading with China is alleged to be attributed to the wrongdoings by

Chinese government (RMB), trade could amplify the authoritarian nature of Chinese regime among the democratic citizens and thus further decreases their evaluation of China.

Unfortunately, few studies have explored how trade ties could be moderated by individuals' democratic predisposition. Given the uncertain nature of the effect of trade interdependence on the relationship between democratic attitudes and perception of China, we have the following unidirectional hypothesis to be tested in the following empirical section:

*Hypothesis 5: The negative effect of democratic attitudes on perception of China will be moderated by trade interdependence of China.*

#### **IV. Data and measurement**

This study intends to reveal the complex sources of China's image by adopting a crossnational approach. Our primary analyses are based on Asian countries. First, the question about the levels and sources of China's image is particularly important in Asia. Compared to other parts of the world, Asia is the first and foremost region that is markedly affected by China's economic rise as well as its subsequent political and military reemergence. Moreover, Asian countries are also the main targets of China's "charm offensive" (Shambaugh, 2015). A scrutiny of the mass attitudes toward China thus can contribute to our understanding of the ongoing interaction between international relations and domestic politics in the region. Second, although international relations in Asia traditionally have been dominated by political hostilities, development and other economic concerns have increasingly become a consensus among Asian governments and the mass public. As regional hostilities have eased and interdependence has

grown, China's image has been varying significantly among Asian countries (to be illustrated in Figure 2). This in turn makes the region a perfect laboratory for exploring China's foreign image and examining its sources. Finally, countries in Asia are substantially different from each other with regard to their economic ties with China, levels of economic developments, and paces of economic growth. Such variations provide a perfect pool to examine the complex sources of China's image.

In the main analysis, we draw individual level data from the second, the third, and the fourth wave of the Asian Barometer Survey (ABS). The three waves of ABS surveyed citizens in 13 Asian polities beside China<sup>3</sup>. Combining the recent three waves of ABS surveys is necessary because more units at the aggregate level are preferred in the model we use (i.e. multilevel model) in this study. After the combination, the effective number of units at the aggregate level (country-wave) is 27.<sup>4</sup>

A. *Dependent variable: The mass perception of China*

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<sup>3</sup> Hong Kong is excluded in our analysis because it lacks information of key variables.

<sup>4</sup> As a robustness check of our findings, in Appendix, we extend our analysis to a global sample. Individual-level data of the robustness check are drawn from the 2012 Pew Global Attitudes Project survey (GAP). Pew GAP conducts its comparative survey in 21 countries. Among these countries, only Japan is also included in ABS. GAP does not contain necessary information for one key variables, democratic values. Therefore, its analysis cannot be only a robustness check for some of the findings of ABS.

We gauge the mass perception of China by examining whether ordinary foreign citizens orient themselves favorably toward China. In the ABS sample, an index was created based on two general evaluative questions, “Please let us know about your impressions of China” and “General speaking, the influence China has on our country is ... .” The respondents chose a response on a scale that indicates how positive or negative their views towards China.

**[Figure 2 is about here.]**

Figure 2 presents the country averages of the mass perception of China from the ABS samples. The dots represent each country’s average perception of China sorted from highest to lowest, and the lines represent the corresponding standard errors. The dotted vertical lines represent the pooled mean in the ABS. First, the results in Figure 2 confirm that China is still far from gaining a global recognition (Whitney and Shambaugh, 2009). Second, there are considerable variations in how people from different countries view China. Although over 70% of the Vietnamese public have a favorable opinion about China, the corresponding figures for Japan is just around 20%.

#### *B. Key explanatory variables*

Our earlier discussion of China’s foreign image points to a key country-level variable, trade interdependence between China and surveyed countries. It is measured by the sum of the exports and imports between China and the surveyed country, divided by that country’s yearly GDP (i.e.,  $\frac{Export+Import}{GDP}$ ). This is essentially a measure of trade GDP interdependence controlling for the

size of the economy. That is, it gauges the relative importance of China's exports and imports to the economy of a given country.

**[Figure 3 is about here.]**

Figure 3 maps the trade-to-GDP ratios across the recent waves of our ABS, and two findings stand out. First, consistent with our expectation, there are marked variations in trade ties between the surveyed countries and China. In Figure 3.a, for instance, while trade with China accounts to roughly 50 percent of Mongolia's economy, Japan is far less reliant on trade with China with a ratio around 10 percent. Second, we found that across three waves of ABS, many countries have experienced a steady increase in trade interdependence with China, suggesting China's rising economic influence over the decade. For instance, Vietnam and Mongolia are becoming more reliant on trade with China during 2014-2016 than they are during 2001-2003.

With regard to the individual basis of China's image, we focus primarily on the effect of people's economic concerns and value orientations. As for economic concerns, we employ a standard definition of economic assessment (Lewis-Beck and Stegmaier, 2000), i.e., respondents' evaluation of current economic situation. Scholars usually distinguish between survey items asking citizens to evaluate whether they personally have benefited from economic conditions (i.e., egocentric evaluation) versus evaluating the state of the overall national performance of the economy (i.e., sociotropic evaluation). Recent development in economic voting studies suggests that sociotropic evaluations overwhelm egotropic ones in shaping

people's political orientation (Lewis-Beck and Stegmaier, 2013). We thus use sociotropic evaluations in this study.<sup>5</sup>

The value-based explanation, as described above, suggests that respondents' support for democratic principles and their experiences of democracy may also shape how they perceive China. Yet, democracy is an "essentially contested concept", which in turn yields great difficulties for cross-national comparison of individuals' commitment to democratic norms. Moreover, given the global acceptance of the ideal, direct questions on democratic commitment are likely to induce socially desirable answers. With these caveats in mind, we measure one's democratic value based on a set of six questions that ask the respondents' agreement with democratic procedures in the ABS.<sup>6</sup> While these items do not exhaust all the democratic procedures, together they can provide a clear conceptual anchorage and hence serve as a good test of popular democratic commitment across Asian societies. Explanatory factor analysis shows that all six items load to one factor. Thus we created an index based upon these six items as the measurement of one's support for democratic principles.

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<sup>5</sup> In the ABS, respondents' sociotropic perception of economic situation is gauged as follows: "How would you rate the overall economic condition of our country today?"

<sup>6</sup> "We should get rid of parliament and elections and have a strong leader decide things;" "The army should come in to govern the country;" "When the country is facing a difficult situation, it is okay for the government to disregard the law in order to deal with the situation;" "Government leaders are like the head of a family; we should all follow their decisions;" "When judges decide important cases, they should accept the view of the executive branch;" "If the government is constantly checked by the legislature, it cannot possibly accomplish great things."

We further gauge the potential impacts of respondents' experiences of democracy by examining the regime (dis)similarity between the surveyed country and China. Specifically, regime dissimilarity is measured as the difference between China and the surveyed countries in the levels of democracy. We in this study use the Freedom House (FH) index as the measurement of democracy. The Freedom House index is chosen because it encompasses not only institutional features of democracy but also other political rights and civil liberties. It ranges from 1 to 7, and we calculated the regime differences between the surveyed countries and China.

### *C. Control variables*

To control for the effect of “charm offensive” strategies employed by Chinese government, we include a binary variable at the country-level, gauging whether Confucius Institutes have been established in the surveyed countries.<sup>7</sup> For many, the Confucius Institutes are a principle means for the Chinese government to cast its soft power oversea. Paradise (2009) argues, “The best way to think of the Confucius Institute project is as a type of impression management, an effort by China to craft a positive image of itself in a world fraught with danger.”

In addition, we control for the effect of the foreign policy preferences of the political elites in surveyed countries. Domestic political discourses are strongly affected by the political elites, but their preferences are difficult to capture accurately. In this study, we use the updated version of the Affinity of Nations Index (Barbieri, Keshk and Pollins, 2008). The index

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<sup>7</sup> The data is from the Office of the Chinese Language Council International, <http://english.hanban.edu.cn/market/HanBanE/412360.htm>.

measures the preference similarity of a given pair of states by examining their voting records in the United Nations General Assembly. Specifically, states with the similar voter patterns (i.e., “yes”, “no”, or “abstain”) have a higher score on this index.

At the individual-level, we control for a variety of factors that are commonly used to predict the mass attitudes towards foreign-policy issues. First, we measure one’s nationalist sentiment. In the ABS, the question is straightforward and taps a general notion of national pride. It asks, “How proud are you of being [your country’s people]?” Respondents are asked to select an answer on a 1-4 scale that ranges from “very proud” to “not proud at all.” Moreover, we also include necessary sociodemographic factors (i.e., gender, age, urban residence, education attainment, and social trust).

## **V. Model and Analysis**

To explore the complexity of the sources of foreign perception of China that is shaped by bilateral trade relationship, we not only test the direct effect of trade and other factors at both country and individual levels, but also examine how trade relationship at the country level shape the effect of individual factors (i.e., economic perceptions and democratic values). Therefore, a multilevel model is appropriate for our analysis. Compared to the no-pooling (i.e., country-based) and pooling analyses, multilevel analysis not only allows for a more accurate estimation of the additive effects of both the individual and contextual correlates, but also examines cross-level interactions between key contextual factors and individual factors (Gelman and Hill, 2007).

**[Table 1 is about here.]**



Table 1 presents the main results of our analyses based on the ABS sample. In Model 1, we only include the primary independent variables of this study. The analytical result shows that a more interdependent trade relationship with China at the country level is associated with a more negative view of China among individuals in that country. This confirms H1b, thus rejecting the liberal peace thesis (H1a). The two individual-level factors, economic perception and democratic value, both are a significant predictor of perception of China. A better perception of the national economy is associated with a more favorable perception of China (H2), and a more democratically minded individual is less likely to view China favorably (H4). In addition, at the aggregate level, regime difference matters as well. Individuals who live in a country with a regime that is more different from China in nature (i.e., more democratic) are more likely to have a negative perception of China.

From Model 2 to Model 5, we examine the moderating effect of trade interdependence on the relationship between perception of China and its covariates. We first add the interaction term between trade and economic perception (Model 2), democratic value (Model 3), and regime difference (Model 4) separately and then put three interaction terms in one model (Model 5). Together, the results of these three four models shows the negative effects of trade interdependence. On the one hand, the statistically negative sign of the coefficient of the interaction terms between trade and economic perception (-0.022 in Model 2; -0.021 in Model 5) indicates that a closer trade relationship decreases the positive effect of economic perception on the view of China (Hypothesis 3). On the other hand, the statistical insignificance of the interaction term between trade and individuals' democratic values (Model 3) and between trade and regime difference (Model 4) indicates that trade relationship cannot help attenuate the negative effect of these political factors. And the same is true when all three interactions are

included in Model 5. Political factors (i.e., individuals' democratic values and countries' democracy level) remain negatively associated with perception of China. In addition, trade interdependence itself is still negatively associated with the perception of China. This finding falsifies the expected positive effect of trade in terms of its moderating effect on relationship between perception of China and its political determinants (Hypothesis 5).

Finally, in Model 6, we include all control variables in the model. The pattern of the analytical result stays similar to previous five models. Altogether, these findings demonstrate the overall negative effect of trade interdependence on perception of China. We extend this analysis in appendix to a global sample, and the results show the same pattern.

## **VI. Conclusion**

In this study, we argue that China's economic rise has markedly reshaped its image among foreign public. The dual processes of economic globalization and China's integration into the world economy has created unprecedented trade interdependence between China and other countries. As China increasingly affect national economies of these countries, the foreign public inevitably link their perception of China with their assessment of economic situation. More importantly, such responsibility linkage tends to be strengthened by bilateral economic ties. People in countries sharing strong economic ties with China are more likely to blame China for the economic distress. Drawing on data from both the ABS , we find strong empirical support for this economic explanation. Overall trade interdependence is negatively associated with mass perception of China. While economically advantaged citizens hold a more positive view of

China, this positive link to diminish as trade interdependence increases. Moreover, we find that China's "soft power deficit" persists despite its economic rise.

By revealing the complex economic sources of China's foreign image, our study helps highlight the important instrumental basis of foreign policy issues. Besides traditional value and political concerns, the public also perceive foreign policy issues on the basis of economic costs and benefits. More important, such economic understandings of foreign policy issues are strongly moderated by a highly interdependent world economy (Hellwig, 2014). More studies are thus called for to improve scholarly understandings of issue linkage between foreign policy issues and domestic politics in a globalized world.

The findings emerged in our study also have important practical implications. For China, our study points to the inherent problem in China's trade and investment initiatives. Closer economic ties with China are shifting the responsibility of economic performance from national government to China, and thus drive more political elites and the public to blame China for economic hardship. In other words, China's economic programs like the "Belt and Road Initiative" tends to deliver negative impacts on its foreign image. Our study also indicates that China is indeed constrained by the CCP's authoritarian rule developing a positive global image. The general public moods, especially in Western societies, are still driven by people's intrinsic value and political concerns. Trade interdependence and the "charm offensive" like the Confucius Institute have not altered the soft power deficit yet.

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Table 1: Multilevel Regression Analysis of Mass Perception of China (ABS, 2005-2016)

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
<i>Primary independent variables:</i>						
Trade interdependence	-0.14** (0.063)	-0.071 (0.067)	-0.16** (0.076)	-0.43** (0.21)	-0.36* (0.21)	-0.28 (0.24)
Regime difference	-4.10*** (0.78)	-4.12*** (0.78)	-4.09*** (0.78)	-6.43*** (1.74)	-6.25*** (1.75)	-5.59** (2.37)
Economic perception	1.27*** (0.14)	1.90*** (0.28)	1.27*** (0.14)	1.28*** (0.14)	1.88*** (0.28)	1.82*** (0.30)
Democratic values	-3.31*** (0.26)	-3.31*** (0.26)	-3.56*** (0.56)	-3.30*** (0.26)	-3.50*** (0.56)	-3.55*** (0.58)
<i>Interaction terms:</i>						
Trade*econ. perception		-0.022** (0.0086)			-0.021** (0.0086)	-0.031*** (0.0092)
Trade*demo. values			0.0083 (0.016)		0.0065 (0.016)	0.016 (0.017)
Trade*regime diff.				0.074 (0.050)	0.067 (0.050)	0.051 (0.059)
<i>Control variables:</i>						
Affinity score						10.5 (22.6)
Confucius institute						0.31 (0.28)
Age						0.017* (0.0098)
Gender						0.61** (0.27)
Education						0.092** (0.039)
Urban						0.093 (0.32)
Interpersonal trust						0.42 (0.34)
Nationalism						0.76*** (0.23)
Constant	77.2*** (3.76)	75.6*** (3.81)	77.9*** (3.97)	86.6*** (7.26)	84.7*** (7.45)	66.4** (26.7)

Note: \*  $p < .10$ , \*\*  $p < .05$ , \*\*\*  $p < .01$ .

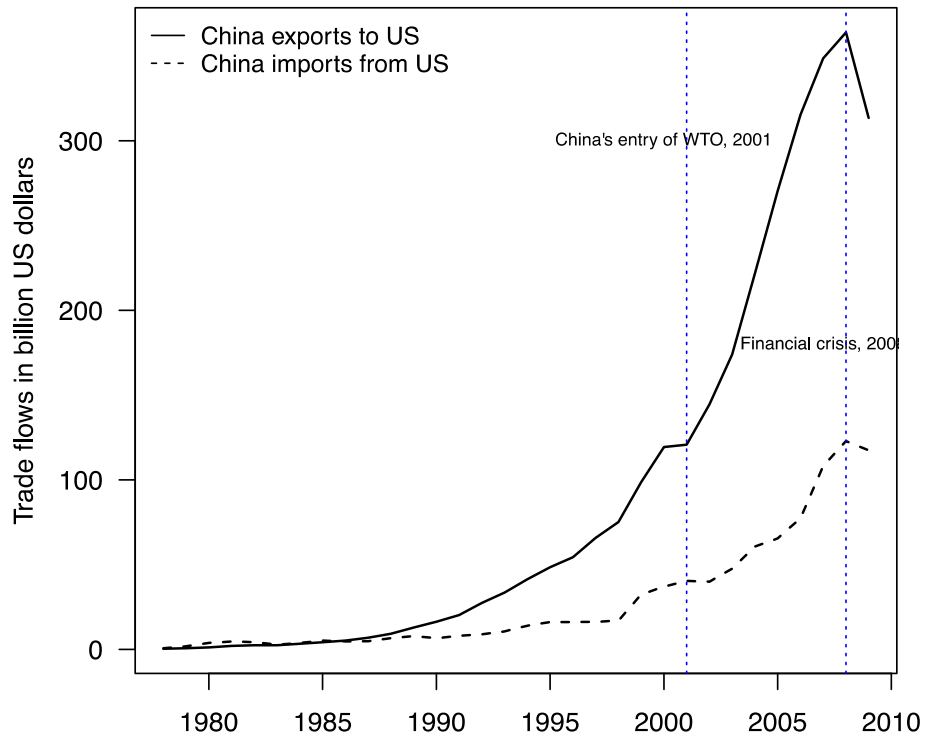


Figure 1: Bilateral China-US trade flows

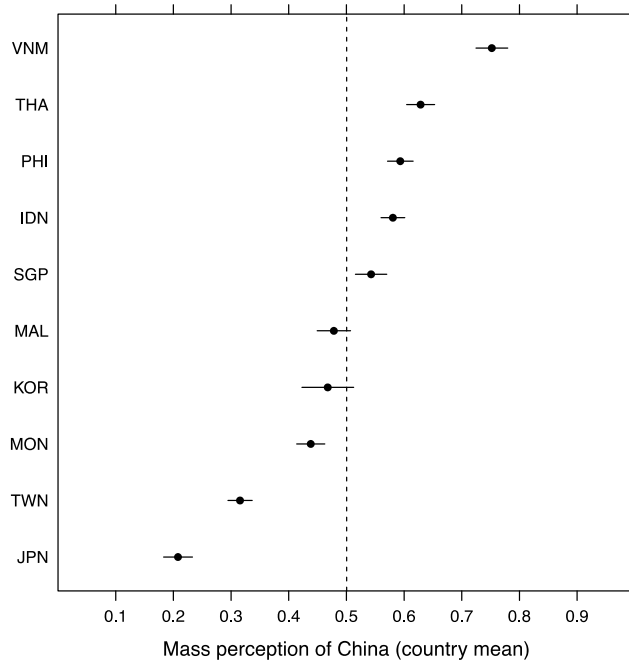
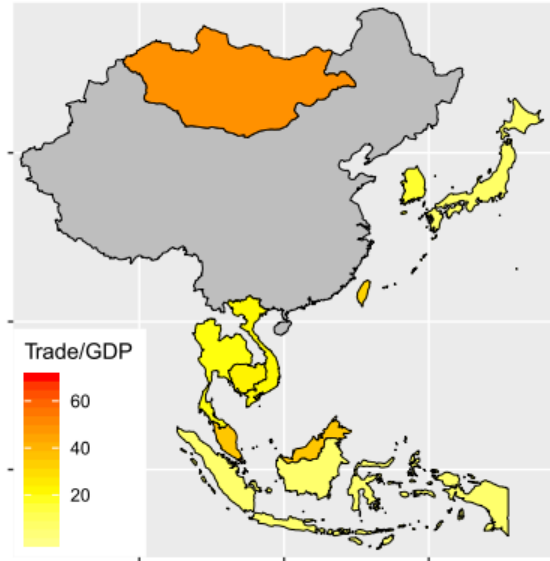
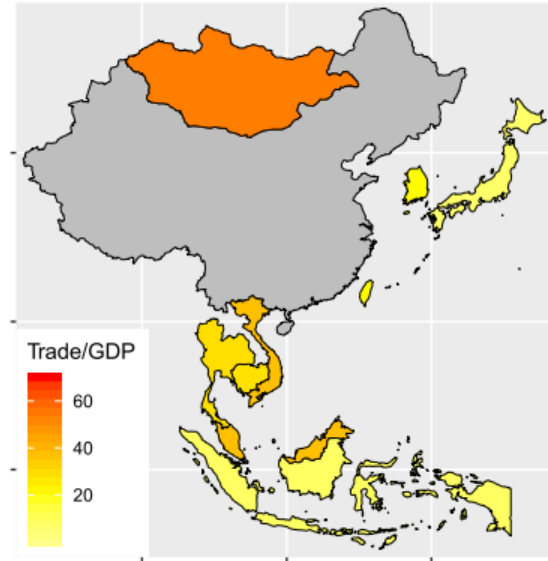


Figure 2: Mass perception of China in ABS

ABS Wave 2, 2005–2008



ABS Wave 3, 2010–2012



ABS Wave 4, 2014–2016

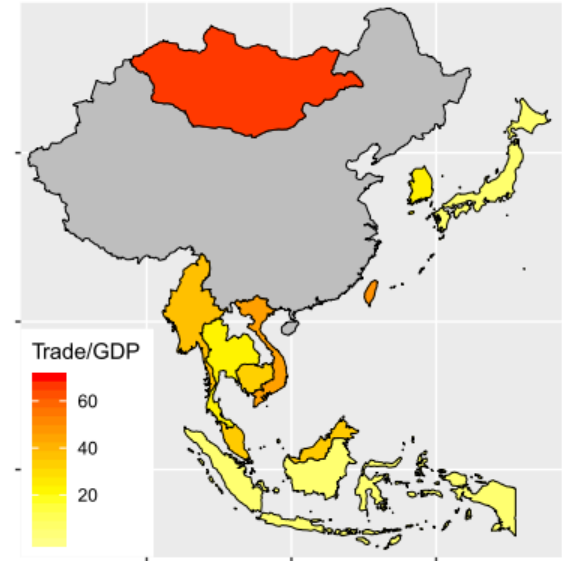


Figure 3: Trade interdependence with China across the recent three waves of ABS

**Appendix: Robust analysis using data from the Pew Global Attitude Project (GAP)**

In this study, we use data from the Pew Global Attitude Project (GAP) as a robustness check alongside our main analysis based on data from the recent three waves of ABS. Specifically, the 2012 he 2012 Pew GAP conducts its comparative survey in 21 countries across the world about the mass perception of China. In GAP, the respondents were asked to assess a general evaluative question: “Please tell me if you have a very favorable, somewhat favorable, somewhat unfavorable or very unfavorable opinion of China?”

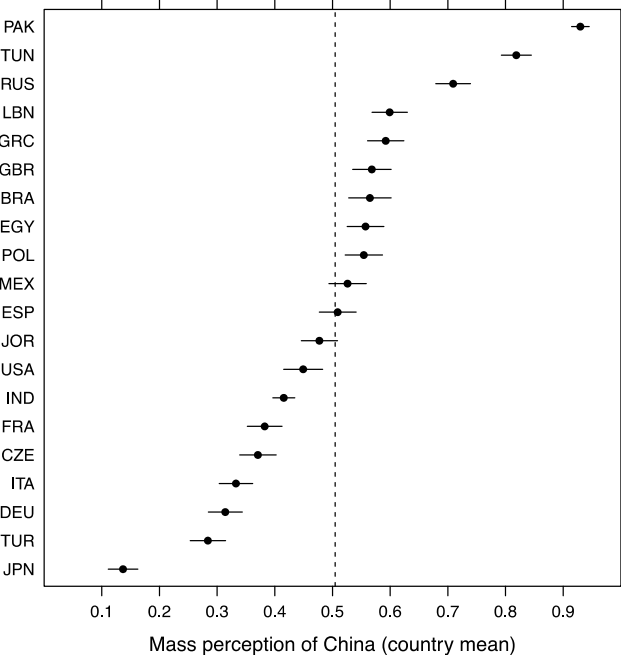


Figure A1: Mass Perception of China, Pew GAP 2012

Figure A1 presents the country averages of the mass perception of China from the GAP sample. The dots represent each country’s average perception of China sorted from highest to

lowest, and the lines represent the corresponding standard errors. The dotted vertical lines represent the pooled mean in the GAP. We can find that the pattern of a “divided” image about China is consistent across ABS (see Figure 2) and GAP samples.

Table A1: Multilevel Analysis of the mass perception of China, GAP (2012)

	(8)	(9)	(10)	(11)	(12)	(13)
Trade interdependence	-0.13 (0.13)	-0.25** (0.11)	-0.26** (0.11)	-0.22* (0.11)	0.0017 (0.0037)	-0.22* (0.11)
Rigme difference		-0.17*** (0.044)	-0.17*** (0.045)	-0.17*** (0.046)	-0.14*** (0.052)	-0.16*** (0.061)
Economic perception			0.20*** (0.020)	0.27*** (0.055)	0.24*** (0.022)	0.28*** (0.055)
(Trade interdep.)× (Economic per.)				-0.021 (0.014)	-0.0018*** (0.00038)	-0.021 (0.014)
Confucius Institute						0.67 (0.51)
Affinity score						0.10 (1.15)
Gender	0.060** (0.031)	0.060** (0.031)	0.043 (0.031)	0.043 (0.031)	0.041 (0.031)	0.043 (0.031)
Age	-0.0024** (0.0010)	-0.0023** (0.0010)	-0.0024** (0.0010)	-0.0025** (0.0010)	-0.0025** (0.0010)	-0.0025** (0.0010)
Education						
secondary	0.035 (0.039)	0.039 (0.039)	0.023 (0.039)	0.023 (0.039)	0.025 (0.039)	0.023 (0.039)
college	0.058 (0.047)	0.061 (0.047)	0.034 (0.047)	0.035 (0.047)	0.039 (0.047)	0.035 (0.047)
Constant	0.54 (0.50)	2.39*** (0.61)	2.06*** (0.64)	1.93*** (0.65)	0.93* (0.53)	1.13 (1.43)

Note:

\* $p < 0.1$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.01$

We test our main arguments by examining the GAP sample, and the results are reported in Table 2. Model 9 to 13 exactly replicate Model 1 to Model 5 in Table 1. Overall, the results are highly consistent with those from the ABS sample. Across the globe, trade interdependence

is negatively correlated with mass perception of China. While economically advantaged individuals are likely to orient themselves positively toward China, this positive linkage tends to be weakened by higher levels of trade interdependence. The only difference between the ABS and GAP samples is that in Model 11 the interaction term between the unweighted trade interdependence and individuals' economic perception is not statistically significant. On the other hand, we find strong interactive effects between weighted trade interdependence and economic perception. One possible explanation is that trade interdependence between China and its Asian neighbors is much higher than that in the GAP sample. For instance, Japan, while tops in the GAP sample, is less dependent on China in the ABS sample.